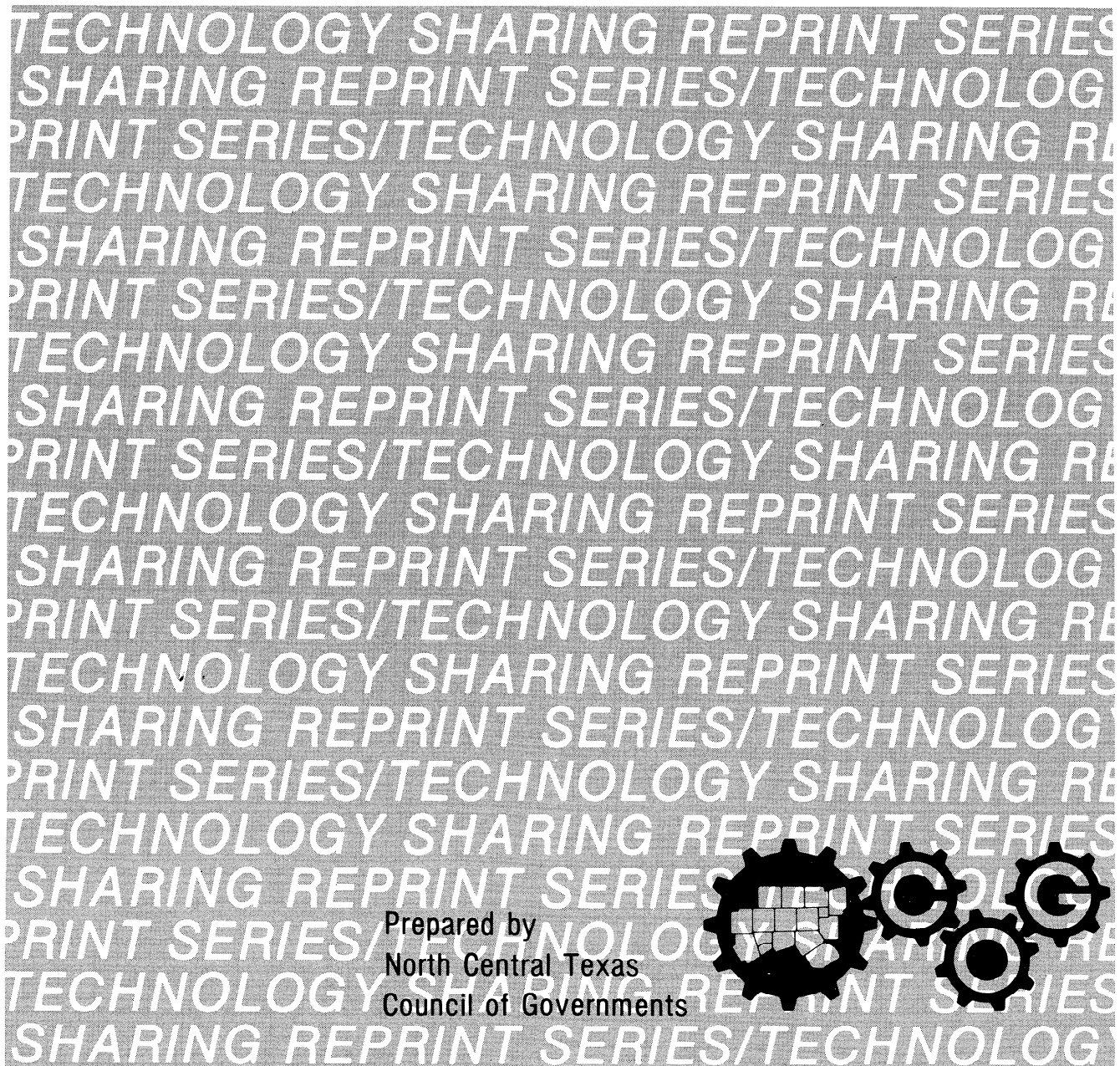




U.S. Department of
Transportation

Park-and-Ride Alternatives Study

June 1984



Prepared by
North Central Texas
Council of Governments

1. 2

Park-and-Ride Alternatives Study

Technical Report Series

38

The North Central Texas Council of Governments

The North Central Texas Council of Governments is a voluntary association of cities, counties, school districts and special districts within the sixteen-county North Central Texas region - established in January 1966 to assist local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development.

The Council of Governments is an organization of, by, and for local governments. Its purpose is to strengthen both the individual and collective power of local governments - and to help them recognize regional opportunities, resolve regional problems, eliminate unnecessary duplication, and make joint regional decisions - as well as to develop the means to assist in the implementation of those decisions.

North Central Texas is a sixteen-county metropolitan region centered around Dallas and Fort Worth. It has a population of 3.6 million and an area of 12,627 square miles. NCTCOG currently has 194 member governments. The membership includes 16 counties, 144 municipalities, 20 independent school districts, and 14 special purpose districts.

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Since 1974 NCTCOG has served as the Metropolitan Planning Organization (MPO) for transportation for the Dallas-Fort Worth area. NCTCOG's Department of Transportation and Energy is responsible for the regional planning process for all modes of transportation. The Department provides technical support and staff assistance to the Regional Transportation Council and its technical committees, which compose the MPO policy-making structure. In addition the Department provides technical assistance to the local governments of North Central Texas in planning, coordinating, and implementing transportation decisions.

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North Central Texas Council of Governments



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Abstract

TITLE: Park-and-Ride Alternatives Study

AUTHOR: Martin C. Minkoff
Transportation Planner

SUBJECT: Private sector provision of commuter bus service.

NUMBER OF PAGES: 75

ABSTRACT: . This study analyzes private sector strategies which a city or transit agency could consider in providing park-and-ride commuter bus service. Park-and-ride service descriptions, private sector service delivery options, cost comparisons, potential constraints, and implementation procedures are presented. In addition, results of a survey assessing local private bus firm interest and capabilities are summarized.

FOREWORD

Limited financial resources and rising operating costs have made it difficult for public transportation agencies to expand the services that they operate. Many agencies are now beginning to consider private sector strategies as an alternative means for providing new transit services. This document is a valuable handbook that can help local agencies who are interested in pursuing private sector strategies.

The handbook was prepared by the North Central Texas Council of Governments for use by agencies and municipalities in the Dallas/Ft. Worth area. An overview of park-and-ride services, private sector options, cost comparisons and potential constraints is presented in the handbook. While the focus of the handbook is on park-and-ride services, the general guidelines that are presented in the report can be applied to many situations where private sector options are being considered. We encourage all agencies that are involved in public transportation to review this report.

This report was funded through the UMTA Section 8 Technical Studies Program. It is an excellent example of applied technical analysis at the local government level.



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Executive Summary

Although some private operations exist, park-and-ride commuter bus service is typically provided by public transportation agencies using their own vehicles and drivers. In an effort to find more flexible and expeditious ways of delivering conventional and subscription commuter bus service at a reasonable cost, the Park-and-Ride Alternatives Study examined private sector strategies. Private sector provision options, cost comparisons, potential constraints, and study conclusions are outlined below.

There are two basic private sector provision options available:

- (1) Direct Contract. This option involves contracting with a private firm to provide a level of service specified by the public body. A city or transit agency may contract with a private firm for vehicles, drivers, management personnel, and maintenance or; if the public body wishes to furnish vehicles and maintenance, the private firm may provide only management personnel and drivers under contract.
- (2) Self-Supporting. Under this option, a private firm operates a commuter route on a for-profit basis, independently setting fares and service levels.

Direct contract costs to the city or transit agency can vary considerably according to the private firm size and experience, vehicles used, route characteristics, approach to contract award, and the objectives of the contracting public entity. For this reason, cost comparisons include three Direct Contract cost levels (A, B, and C, with A being the least costly and C the most expensive). Using the Garland (Texas) Park-and-Ride route as an example, costs of providing the service with different private sector strategies were estimated. This analysis yielded the following ranking of options in terms of expense to the City of Garland:

- (1) Direct Contracting--Option I/Cost Level A
- (2) Direct Contracting--Option I/Cost Level B
- (3) Direct Contracting--Option II/Cost Level A
- (4) Direct Contracting--Option II/Cost Level B
- (5) Public Provision
- (6) Direct Contracting--Option I/Cost Level C
- (7) Direct Contracting--Option II/Cost Level C

where: Option I consists of contracting privately for vehicles, maintenance, management services, and drivers; and Option II consists of contracting privately for drivers and management services only, with the city providing vehicles and maintenance.

The Self-Supporting option was also analyzed for the Garland line. This option was not included in the cost ranking since, unlike direct contracting and public provision, it would entail service provision at minimal cost to the city with little or no public control. Where this lack of control is acceptable, the self-supporting strategy remains a viable, low cost approach.

In addition to costs, the following potential constraints to private sector service delivery were addressed:

- Street Use Restrictions
- Franchise Fees
- Urban Mass Transportation Act Section 13(c)
- Regulatory Provisions

The study found that the former two items do not appear to be problematic. The latter two, however, while not insurmountable, do warrant attention during the planning stages of privately provided service.

This study has concluded that private sector strategies merit strong consideration in the provision of park-and-ride commuter bus service. This is particularly true if service must be provided within a short lead time, if new service must be started from scratch with the lowest possible financial risk, or if a city or transit agency requires an expansion of service without increasing fleet size or maintenance capabilities. The choice of which private sector approach (and cost level to follow) should be dictated by the objectives, needs, and priorities of the specific public body.

CHAPTER I
INTRODUCTION

In response to increasing congestion, fuel prices, and parking costs, ~~park-and-ride~~ commuter service has rapidly proliferated throughout the country. The Dallas-Fort Worth Region has been no exception, with the Dallas Transit System (~~DTS~~), City Transit Service of Fort Worth (~~CITRAM~~), and the City of Garland each providing express service between residential areas and heavy employment concentrations.

Although some private operations exist (e.g., Transportation Enterprises, Inc. service between Arlington and the Dallas ~~CBD~~), this type of service is typically provided by public transportation agencies using their own vehicles and drivers.* Unfortunately, the operating costs associated with such service provision have been escalating rapidly. Limited fleet resources and maintenance facilities also plague the public transit provider.

In an effort to find more flexible and expeditious ways of delivering commuter transit services at a reasonable cost, the Park-and-Ride Alternatives Study examined private sector strategies. This report documents the study findings and serves as a handbook for transit agencies and municipalities in the region which are interested in pursuing private sector park-and-ride service options. An overview of park-and-ride services, private sector service provision options, cost comparisons, and potential constraints will be discussed. In addition, implementation information and an assessment of local private sector interest and capability will be presented.

* The Garland and Las ~~Collinas~~ park-and-ride services are operated by ~~DTS~~ under contract with the City of Garland and the Las ~~Collinas~~ Corporation, respectively.

CHAPTER II

OVERVIEW OF PARK-AND-RIDE SERVICES

This chapter presents an overview of the park-and-ride services that could be provided using private sector options. The information is primarily intended for those who are unfamiliar with the characteristics of different commuter bus service types. Three groups of park-and-ride commuter services will be discussed: (1) conventional; (2) subscription; and (3) a combination of conventional and subscription. The particular attributes of each group will be described in turn.

CONVENTIONAL

This type of service is similar to local (non-express) transit. Express lines, originating or making limited stops at a park-and-ride lot(s), operate on regular schedules. Passengers may ride any bus with no advance notice required. As with local transit service, seating is not guaranteed. Although monthly passes may be provided, an individual pays a fare only if he rides. The schedules are periodically adjusted to reflect ridership patterns.

Conventional service offers great flexibility to the commuter. Individuals may make spontaneous decisions on which scheduled trip to take or whether they want to ride the bus that day at all. Consequently, the transit agency or city must deal with potentially high day-to-day and trip-to-trip fluctuations in ridership. Conventional service is particularly well suited from areas of high population density with pronounced trip patterns to high employment concentrations (e.g., the CBD). Such areas are better able to generate the large "pool" of potential riders required for multi-trip service without rider commitment.

A local example of this type of service is the park-and-ride express line between Garland and the Dallas **CBD**. Limited local stops are made only at and between the north and south parking stations. The buses run non-stop to downtown Dallas via the **LBJ** and **R.L. Thornton** Freeways. In the downtown area buses follow a small loop which includes several stops. Currently, **35** daily runs are scheduled: **16** in the morning peak period, **18** in the evening peak period, and one midday (see Figure **1**). Patrons may "spontaneously" ride any of these buses with no guarantee of seating. Based on patronage trends, the City of Garland adjusts the schedules once a year, although **significant** increases in ridership have necessitated more frequent adjustments in the past. As of December **1983**, one-way cash fare was **\$2.50**, payable upon boarding. **Locally-** purchased Garland commuter cards, allowing **20** rides for **\$50.00**, were **also** available for fare payment. Since January **1984**, Dallas Area Rapid Transit (DART) has operated the service charging a one-way fare of **\$1.25**.

SUBSCRIPTION

A subscription commuter service typically consists of a relatively small number of daily peak-period trips (as compared with conventionally scheduled transit) leaving at **pre-set** times. Generally, this service operates between a **park-and-ride lot(s)** and a specific employer, though more general employment concentrations such as **CBD's** are also common destinations. As in air travel (and unlike conventional transit), the user "books" and pays for a seat on a specific departure in advance. This booking is usually a roundtrip seat reserved each workday for a weekly or monthly period. The subscriber, then, is guaranteed a seat each day with the same group of riders.

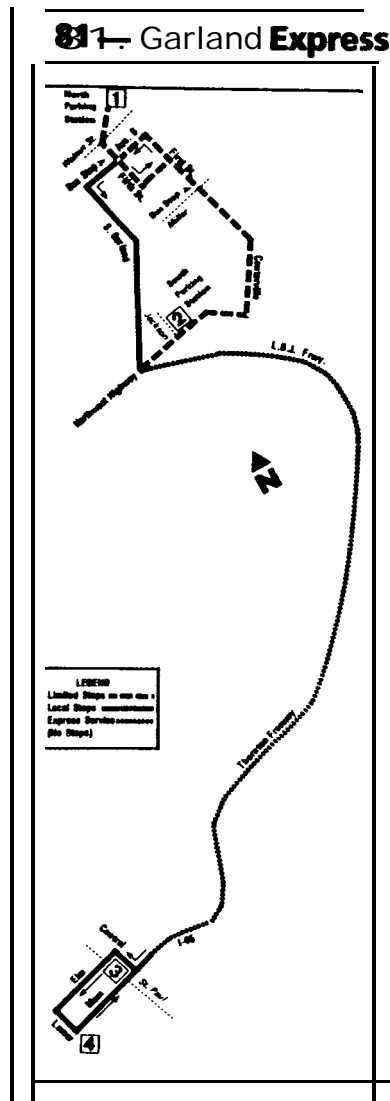
Subscription service is less flexible to the commuter than conventional service. It is highly advantageous, however, to the transit agency or city

FIGURE 1

WEEKDAY SCHEDULE

TO DOWNTOWN DALLAS
INBOUND

FROM DOWNTOWN DALLAS
OUTBOUND



NORTH PARK & RIDE	SOUTH PARK & RIDE	ELM & ST. PAUL
<u>6:00</u>	<u>6:15</u>	6:40
	<u>6:30</u>	6:55
6:30	<u>6:45</u>	7:10
	<u>6:50</u>	7:20
<u>6:40</u>	<u>6:55</u>	<u>7:23</u>
<u>6:45</u>	<u>7:00</u>	7:30
<u>6:50</u>	<u>7:05</u>	7:35
<u>6:55</u>	<u>7:10</u>	7:40
<u>7:05</u>	<u>7:20</u>	7:50
-	<u>7:25</u>	<u>7:53</u>
<u>7:15</u>	<u>7:30</u>	8:00
-	<u>7:40</u>	8:10
7:30	<u>7:45</u>	8:15
	<u>7:50</u>	8:20
<u>7:40</u>	<u>7:55</u>	8:25
<u>8:05</u>	<u>8:20</u>	8:50
1:00		1:45
<u>4:30</u>		5:00
<u>4:45</u>	-	5:29
<u>5:00</u>	-	5:45
<u>5:10*</u>	-	
<u>5:15</u>	-	6:00
<u>5:20*</u>	-	
<u>5:25*</u>	-	
<u>5:40</u>	-	6:25
<u>5:40*</u>	-	
<u>5:44*</u>	-	
<u>5:48*</u>	-	
<u>5:50*</u>	-	
<u>5:57*</u>	-	
<u>6:00*</u>	-	
<u>6:10*</u>	-	
<u>6:25*</u>	-	
<u>6:40*</u>	-	
<u>6:55*</u>	-	
<u>7:20*</u>	-	

MAIN & LAMAR	MAIN & ST. PAUL	SOUTH PARK & RIDE	NORTH PARK & RIDE
<u>6:45</u>	<u>6:50</u>		7:30
<u>7:00</u>	<u>7:05</u>		7:40
<u>7:15</u>	<u>7:20</u>	7:50	
<u>7:25</u>	<u>7:30</u>		8:05

<u>12:15</u>	<u>12:20</u>	12:45	1:00
<u>3:35</u>	<u>3:40</u>	4:15	4:30
<u>3:55</u>	<u>4:00</u>	4:30	4:45
<u>4:10</u>	<u>4:15</u>	4:45	5:00
<u>4:20</u>	<u>4:25</u>	4:55	5:10
<u>4:30</u>	<u>4:36</u>	5:05	5:20
<u>4:35</u>	<u>4:41</u>	5:20	5:40
<u>4:45</u>	<u>4:51</u>	5:25	5:40
<u>4:50</u>	<u>4:56</u>		
<u>4:56</u>	<u>5:00</u>	5:29	5:44
<u>4:58</u>	<u>5:04</u>	5:33	5:48
<u>5:00</u>	<u>5:06</u>	5:35	5:50
<u>5:06</u>	<u>5:12</u>	5:42	5:57
<u>5:10</u>	<u>5:16</u>	5:45	6:00
<u>5:20</u>	<u>5:26</u>	5:55	6:10
<u>5:35</u>	<u>5:41</u>	6:10	6:25
<u>5:50</u>	<u>5:55</u>	6:25	6:50
<u>6:05</u>	<u>6:10</u>	6:40	7:15
6:30	6:35	7:05	

*Garage Bus. Passengers may ride and transfer.

Schedule subject to change.

EXPRESS SERVICE: Underscored times operate EXPRESS over the L.B.J. and East R.L. Thornton Freeways.

providing service. Since demand is "~~pre-determined~~" for a particular time period, the operator knows capacity requirements in advance for improved resource planning. Subscription park-and-ride commuter service introduces an opportunity to serve medium-to-low density residential and/or employment areas that could not support regularly scheduled conventional express service. All that is needed to support a subscription route is a regular monetary commitment from a group of individuals desiring service between a common residential area (or park-and-ride lot) and an employment center. The size of the group is also an indicator of vehicle size needs (i.e., vans, medium or large capacity buses, etc.).

ARCO Oil and Gas Company currently operates a subscription bus service for its employees. Twelve routes link nine suburban park-and-ride lots with **ARCO** workplaces in the Dallas **CBD**. The routes have one to two stops at their origin in the morning and operate express inbound. Once downtown, three equally spaced stops are made among the eight buildings in which **ARCO** has offices. The same stops are in effect for the evening outbound trips. Shopping center and church parking lots are used as origin park-and-ride lots. Figure 2 lists the routes and their respective bus stops. Each route makes one inbound and one outbound trip per **workday**.²

Employees make a single monthly payment for a guaranteed seat each workday in that month. No refunds are provided when the subscriber does not ride. Surveys are distributed twice a year to determine interest in new routes. If **25** people make a commitment by signing payroll deduction forms, a new bus is started. Conversely, if daily ridership on a bus consistently falls below **20**, that run is considered for curtailment.

FIGURE 2

**ARCO SUBSCRIPTION SERVICE
SCHEDULES AND PICK-UP POINTS**

<u>INBOUND TO DALLAS</u>	<u>TIME</u>	<u>PICK-UP POINTS/PARK-AND-RIDE LOTS</u>
Piano/Route #1	6:50 a. m.	Safeway Store 2 miles west of Central Expy. on Farm Market Rd. #544. Park on far southeast corner of Safeway lot.
Piano/Route #2	6:50 a. m.	Sanger Harris Store, corner of Piano Parkway and Central Expressway.
Richardson/Route #5-1st Stop	6:50 a. m.	K-Mart Store, Central Expy. , at Campbell Road. Park on the far southeast corner of K-Mart lot.
Richardson/2nd Stop	6:55 a. m.	Richardson Heights Shopping Center, Central Expy. at Belt Line Rd. Park in space near Belt Line Rd. east of the Kroger Store in Richardson Heights Shopping Center.
Garland/Route #10	6:55 a. m.	Eastgate Shopping Center. Park in the center of the lot near the light pole.
Mesquite/Route #11	7:00 a. m.	Towneast Shopping Center, northeast corner. Park near Sears Automotive Center
Arlington/Route #12	6:50 a. m.	Randall Mill Church of Christ, 1100 W. Randall Mill Rd. Park on the west end of the church's west parking lot.
Arlington/Route #14-1st Stop	6:50 a. m.	Mayfield Baptist Church, park on the south side of church lot, as far away from the church as possible.
Arlington/Route #14-2nd Stop	7:00 a. m.	Forum 303, park on the south side of the Montgomery Wards Store.
Carrollton/Route #15	6:55 a. m.	Intersection of Josey Lane and Belt Line Rd. Park in the Safeway Store parking lot away from the store.
Lewisville/Route #16	6:55 a. m.	Lakeland Plaza Shopping Center, Hwy. 121 and I-35. Park near the Lakeland Plaza Shopping Center sign.
Lancaster/DeSoto/Route #20		
DeSoto/1st Stop	6:50 a. m.	Red Oak St. Bank. - Oliva Rd. and I-35.
Lancaster/2nd Stop	6:55 a. m.	K-Mart Pleasant Run and I-35.
<u>OUTBOUND</u>	<u>TIME</u>	<u>PICK-UP POINTS</u>
Piano/Route #1	4:20 p. m.	Insurance Plaza Building /Akard St. side
Richardson/Route #5	4:25 p. m.	One Dallas Centre Building/Bryan St. side
Carrollton/Route #15	4:30 p. m.	Plaza of Americas/Pearl St. N. Tower
Piano/Route #2	4:20 p. m.	Plaza of Americas/Pearl St. N. Tower
Garland/Route #10	4:25 p. m.	Insurance Plaza Building /Akard St. side
Mesquite/Route #11	4:30 p. m.	One Dallas Centre Building/Bryan St. side
Arlington/Route #12		
Arlington/Route #14		
DeSoto/Route #20		

COMBINATION

Combinations of conventional and subscription service attributes are also possible. Locally, **CITRAN** operates nine commuter routes from various points in Fort Worth to General Dynamics and Bell Helicopter employment centers. The six lines serving General Dynamics operate semi-express, picking up passengers at several points before running "closed door" to the plant. Outbound trips are reversed, running non-stop from the plant to the passenger discharge portion of the route. The Bell Helicopter lines run strictly express between three **park-and-ride** lots and the workplace in Hurst. As with conventional commuter express service, a passenger may pay a cash fare (~~(\$1.50~~ each way) upon boarding or purchase a monthly pass (~~(\$40.00)~~) that is usable on any line in the **CITRAN** system. No advance monetary commitment is necessary and seating is not guaranteed. As with subscription service, a small number of daily peak-period trips are operated (one trip for each of the nine routes), the bus only operates between designated pick-up/drop-off point(s) and a specific employer, and the same basic group rides together **everyday**.³

CHAPTER III

PRIVATE SECTOR SERVICE PROVISION

Private sector provision of park-and-ride commuter express service offers excellent potential where any of the following objectives are held by a transit agency or municipality:

- Desire to Reduce the Cost of Operating Peak-Period Commuter Service.

Private bus firms are generally able to operate at lower costs than their public counterparts. A Los Angeles area study of ~~22 peak-period~~ only routes concluded that subsidies could be reduced by 90 percent if operated under private contract.⁴ Another study purported that 13 of 17 peak-period routes in Southern California could be profitably operated by private companies at existing or somewhat higher fares.⁵

- Desire to Begin New Service Without Taking High Financial Risk.

Generally, initiating a transit operation from scratch involves large start-up capital investments in vehicles and support facilities. Private provision can often allow a city without transit equipment or facilities to provide commuter bus service without the risk of holding expensive capital assets in the event of unsuccessful service.

- Desire to Maintain or Expand Peak-Period Service Without Increasing Fleet Size and Facilities.

Where vehicles, bus storage, and maintenance facilities are limited, private provision can augment current resources. This would allow existing equipment to be used in other high priority service, either express or local. In the case of a city (not participating in a

transit authority) desiring new service but lacking buses and support capabilities, private sector strategies could permit commuter operations without requiring fleet and garage procurements.

- Desire to Rapidly Increase Peak-Period Service.

Private provision can often allow major expansion of peak-period service within a shorter time than could be accomplished by a transit agency or city alone. Lead times ranging from immediately to six months are not uncommon, depending upon the size of the private firm and the level of effort required. Private provision can be useful in situations requiring interim service until the city or transit agency can procure the vehicles and/or support capabilities needed to permanently operate the service themselves. A major energy shortage could be one of those situations requiring such an immediate, interim solution.⁶

Following is a discussion of alternative arrangements, comparative costs, and potential constraints relating to private service provision.

ALTERNATIVE ARRANGEMENTS

There are two basic private sector **provision** options available: (1) direct contract and (2) self-supporting. Each will be outlined individually. A comparison of the two options will also be discussed.

Direct Contract Option

This option involves contracting with a private firm to provide a specified level of service. ~~Generally~~, the contracting transit agency or city wanting to implement the **service** (hereafter referred to as the "Contracting Agency") will

define the ~~routing~~s, schedules, and vehicle requirements for a commuter bus line or line group. The private firm (hereafter referred to as the "Contractor") supplies the drivers, vehicles, maintenance and other appropriate support necessary to deliver the service on those ~~line~~(s). The contractor bills the contracting agency on a regular basis (usually monthly) for services rendered at an agreed unit cost. The unit cost (either by revenue hour or revenue mile--no deadhead included) is that specified in the selected contractor's bid or proposal. The cost is contained in the contract along with any adjustments deemed appropriate. Another contract payment approach is the "cost plus fixed fee" arrangement. With this approach, the city or transit agency reimburses the contractor for all direct costs incurred in providing the contracted service. In addition, a fixed fee, or profit, is paid to the contractor for his management expertise. Under both payment arrangements, the contracting agency sets fares, applies ~~farebox~~ revenues toward the cost of contract operation, and subsidizes the difference between revenue and operation cost.

The Metropolitan Transit Authority of Harris County (Houston ~~MTA~~) currently operates 7 of **17** conventional park-and-ride express routes under direct contract. Two contractors collectively provide buses and the required drivers and vehicle maintenance.⁷ The Golden Gate (California) Bridge, Highway, and Transportation District also contracts with private firms to run six subscription park-and-ride routes. Three contractors furnish **23** buses, drivers, and the vehicle maintenance needed to operate the service.^a

The previous discussion and examples of the contracting option apply to situations where the contractor provides the buses. Variations of this approach are possible, however, where the contracting agency wants to use and

maintain its own buses for park-and-ride express routes. In this case, a private firm (e.g., a charter bus company or transit management firm) could be retained under contract to operate transit agency-owned or city-owned vehicles. **Such, vehicles** could be leased at a nominal fee to the contractor who would provide drivers and supervisory personnel. As previously mentioned, the contractor bills the contracting agency for services rendered at the agreed unit cost; the "cost plus fixed fee" payment arrangement can also be used. Depending upon its desired level of involvement, the contracting agency could include the planning of routes, schedules, and vehicle needs in the contract.

The Tidewater (Virginia) Transportation District Commission (**TTDC**) contracts with private firms to operate several mini-bus routes. **TTDC** leases a specified number of vehicles, depending on individual line requirements, to the contractors for **\$1.00** per year and performs all maintenance. The contractor provides the drivers, supervision, and dispatching needed to operate service at a contracted rate per revenue hour. **TTDC**, desiring a major role in these operations, maintains full responsibility for route planning, scheduling, and vehicle **needs.**⁹

Self-Supporting Option

Under this option, park-and-ride commuter bus services are operated for profit with no subsidy involved. A private firm operates a particular line or line **group**, independently setting fares and service levels according to demand. The firm owns and maintains all vehicles and employs all drivers and support personnel. The only transit agency or municipal involvement might be in providing a park-and-ride lot with shelters (which may include such passenger amenities as heat and air conditioning), advertising, or similar non-monetary assistance and encouragement.

A local example of this option is the conventional park-and-ride commuter service between Arlington and the Dallas CBD. In operating this line, Transportation Enterprises, Inc. provides all buses, drivers, and vehicle maintenance as well as setting fares, collecting revenues, establishing service levels, and designing schedules. The City of Arlington operates and maintains a city-owned park-and-ride lot and passenger shelter at no charge to the firm. The City has also acted as a third party in the case of arranging use of a non-city-owned lot. Limited advertising in city water bill inserts has also been provided, though the firm does pay for this. Under this arrangement, there is no contract involved; the firm can cancel service at any time. ¹⁰

Comparison

Comparing the two private options results in examining the primary tradeoff between control and cost. While the self-supporting option involves a very small financial outlay on the part of the city or transit agency, the private operator retains control over fare levels, routings, schedules, and vehicle requirements. Decisions on new service or route curtailments are in the hands of the firm and dictated by profitability only. Service which the public agency might wish to see maintained could be cancelled if demand falls below a profitable level.

The direct contract option, on the other hand, is very similar to publicly provided and operated service in allowing the city or agency (or its governing board) to determine fares, service, and resource needs. While cost-effectiveness should be kept in mind, choices regarding fares charged, service provided, and fleet resources allocated may be made in the absence of actual profitability. The cost to the public body for this control, however, can be significant when compared with the self-supporting option.

RELATIVE COSTS

Bus transit service delivery is a highly labor-intensive undertaking. Relative to capital expenses, operating costs comprise the largest portion of the provider's budget. Since 1968, the rate of public transit employee annual wage increases has outstripped the trend for all U.S. industrial employees.¹¹ Currently, driver wages (excluding fringe benefits) make up 30 to 35 percent of public transit operating expenses.¹² Though public labor costs have been increasing, productivity has not. The rate of vehicle miles driven per constant dollar of operating expense has declined steadily since 1950.¹³ Traditionally, such union work rules as the eight-hour guarantee,* split-shift spread penalty,** and part-time employee limit*** have contributed to this decline by preventing or inhibiting more efficient labor utilization during peak periods. It should be noted, however, that transit union work rules are not as restrictive in Texas as in other parts of the country (e.g., the Northeast, Great Lakes, and West Coast Regions).

Generally, smaller private bus firms are predominantly non-union and, as a result, have significantly lower wage scales and more relaxed (or non-existent) work rules than their public counterparts. It is here that private sector provision options can frequently offer distinct cost advantages. Previously mentioned contractual provisions such as the eight-hour guarantee, spread penalty, and part-time employee limit are rarely found or are much less stringent among smaller private bus operations. This can often enable more

* Full-time public transit employees are often guaranteed eight hours of pay per work day, whether or not they are utilized the entire time.

** If the length of time between the start time of the first shift half and the end time of the second exceeds a certain limit, the driver is paid a premium (or "spread penalty") where required by union contract.

*** Union contracts often specify a maximum allowable percentage of the bargaining unit that can work part-time.

inexpensive and efficient labor allocation toward peak-period commuter service requirements. Larger private bus operations (e.g., Trailways, Greyhound) are often unionized. Consequently, their peak-period labor allocation efficiency may not be as great as that achieved by smaller bus firms.

Following is a discussion of cost differentials between public and private provision options. The costs of providing service for each of three private sector options will be outlined in turn: (1) Direct Contract for Services (Including Vehicles); (2) Direct Contract for Services (Vehicles and Maintenance Not Included); and (3) Self-Supporting. An analysis estimating and comparing the costs of private and public provision options will also be presented using the Garland park-and-ride operation as an example.

Direct Contract For Services (Including Vehicles)

Direct contract costs to the city or transit agency can vary considerably according to the private firm size and experience, vehicles used, route characteristics, approach to contract award, and the objectives of the contracting public entity. Due to this wide variance, three cost levels (A, B, and C) will be defined.

COST LEVEL "A". This level represents contract service provided by relatively small, private school bus firms. Equipment is at the low end of the amenity spectrum: school buses with bench seating and no air conditioning. The Chicago RTA utilizes contract service of this type on several short peak-period routes feeding rail lines. Contracts are awarded based upon the lowest submitted bid, though the RTA does consider the low bidder's experience

level, maintenance capabilities, and fleet condition. Contracted costs per revenue hour range from \$25 to \$30.¹⁴ RTA officials estimate that to operate the same service in-house would cost between \$35 and \$40 using their standard transit coaches. Their primary objective in contracting privately for feeder service was to provide the lowest peak-period service possible, enabling better utilization of their own fleet on other lines. Also important was a lack of garage space, prohibiting fleet expansion.¹⁵

COST LEVEL "B". This level represents contract service provided by ~~small-to-medium~~ sized line-haul and charter bus firms. Equipment used is in the middle of the amenity spectrum: older, over-the-road or urban transit coaches in good condition with high-backed seating and air conditioning. The Connecticut Department of Transportation (~~Conn.~~ DOT) employs contract service at this level on six conventional express routes to downtown Hartford. Peak-period bus requirements by route range from two to five, and route lengths vary between 15 and 42 one-way miles. Contracts are awarded to the firms already operating on those six routes under certificate by the Connecticut Public Utilities Commission. Determination of the contractual cost per revenue hour, as with public utilities in general, is based upon an audit of the contractor's costs plus a guaranteed rate of return (about five percent in this case). In 1981 the unit cost for ~~Conn.~~ DOT contract service was approximately \$30 per revenue hour as compared with \$43

if provided by **Conn.** DOT through Connecticut Transit. Currently, private contractor costs now range between **\$32** and **\$43** per revenue hour; the **1981** Connecticut Transit Cost Allocation Study, however, has not been recently updated to provide a public cost comparison.¹⁶ **Conn.** DOT's primary objective in contracting with the private carriers was to obtain a ~~lower~~ cost ~~of~~ providing peak-hour service than ~~they~~ could through Connecticut Transit. An equally important objective was the shortfall of vehicles available for **peak-period service**.¹⁷

COST LEVEL "C".. This level of contract service is provided by larger, more experienced line-haul or charter bus firms. Equipment used is "top of the line": newer, over-the-road coaches in excellent condition with high-backed seating and air conditioning. The Houston **MTA** privately contracts for this level to operate the seven park-and-ride express routes mentioned earlier in this section. Peak-period vehicles required by line vary from 8 to **21**, and route lengths range from **13** to **30** one-way miles. Contracts are awarded through a solicited proposal evaluation procedure. Under this approach, the low bid does not have to be accepted. In the **MTA's** case, firms demonstrating superior experience, fleet condition, and maintenance capabilities have been selected, even though the unit cost specified in their proposal was not the lowest submitted. For the seven routes the average unit operating cost per revenue hour paid to the contractor is **\$82**. An **MTA** cost allocation analysis has determined,

however, that this service could be operated in-house **for** only **\$57** per revenue hour with new capital investments in vehicles and maintenance facilities. This cost disparity illustrates that providing peak-hour commuter service at a lower cost was not an objective in **MTA's** decision to contract privately. Operating revenues from the Authority's sales tax were relatively plentiful. The **MTA** did, however, lack the vehicles and maintenance facilities needed to immediately operate commuter express routes at the high service ~~level~~ desired. Their primary objectives in privately contracting, then, were to implement a very high quality service and do so within a short time frame. Private contracting was intended as a temporary measure until **MTA** could phase in new buses and maintenance capabilities. Of **13** originally contracted routes, six have already been converted back to in-house operation at the lower **\$57** per revenue hour operating cost; **MTA** eventually plans to assume operation on the remaining seven lines. ¹⁸

Direct Contract for Services (Vehicles and Maintenance Not Included)

The city or transit agency may wish to enjoy some of the private sector labor cost savings by contracting for drivers and supervisory personnel only. Under the "Direct Contract--Without Vehicles" option, the contractor should offer a lower price per revenue hour than if he *also* provided buses and maintenance. In this situation the contractor would not incorporate vehicle depreciation or maintenance expenses into his proposed unit cost. The expenses involved in publicly providing the buses and maintenance facilities must, however, be added back into the total financial outlay for service delivery.

Savings to the city or transit agency in providing commuter service, then, can only be realized where vehicles and maintenance capabilities are economically available. With federal capital grants covering 80 percent of the vehicle cost, bus purchases themselves are relatively inexpensive (though lead time can be 6 months to 2 years depending on bus manufacturer market conditions). Also, monetary advantages may be possible through Safe Harbor Leasing (SHL) under the Economic Recovery Tax Act of 1981. Under SHL a transit agency issues tax-exempt bonds and lends the proceeds to a private tax-paying entity. With the loaned bond money, the tax-paying company purchases the vehicles and leases them back to the agency. The transit agency accrues substantial savings on the bus procurement and, in return, the tax-paying company is entitled to considerable tax benefits (including depreciation of their "owned" vehicles). "

As with direct contracting that included vehicles and maintenance, the unit costs to the city or transit agency under contracts for commuter service drivers and supervisors only could vary considerably. Although equipment quality would not be a factor, firm attributes (not including maintenance capabilities), route characteristics, and the particular contract award process would generally determine the cost level.

However inexpensively vehicles can be obtained by the city or transit agency, they must be stored and maintained. Adequate facilities must exist for the "Direct Contract--Without Vehicles" option to be cost effective. Maintenance and storage services could be included in the contract, though the margin of savings over the "Direct Contract--With Vehicles" option would begin to close. Furthermore, unless the firms involved were highly reputable, entrusting

maintenance to a company which does not own the vehicles could be a risky proposition.

In this study we were unable to find any cities or transit agencies currently leasing standard-sized buses to private firms for the provision of peak-period commuter service by contract. Private management firms such as McDonald Transit Associates primarily manage **entire** transit systems rather than specific park-and-ride express lines or line groups. On the previously mentioned Tidewater Transportation District Commission (**TTDC**) mini-bus routes, contractors are offered the option of leasing **TTDC** vans when providing contract service. Where the contractor exercises this option, the contractor price per revenue hour is approximately **\$15**. If the contractor supplies the vehicle and service, the rate averages **\$20** per revenue hour. For standard-sized buses **TTDC** has found that with their **\$30** per revenue hour in-house operating cost and sufficient fleet and maintenance facilities, private contracting on fixed routes--with or without vehicles--is not cost-effective. ²⁰

Self-Supporting

From a city or transit agency perspective, self-supporting service can offer the least expensive means of commuter service provision. As previously mentioned, a private firm operates a commuter route on a for-profit basis, independently setting fares and service levels. The only financial outlay on the part of the city or transit agency would be in providing "enticements" to the firm such as the city of Arlington's park-and-ride lot maintenance.

While self-supporting service appears to be the most attractive from a cost **standpoint**, its viability is strongly tied to two major **assumptions**:

- (1) Demand must be sufficient on each line to support for-profit operation; and
- (2) The city or transit agency must have no objection to higher ~~market-~~ determined fare levels.

The latter could be problematic to a transit authority (e.g., DART or ~~FWTA~~) funded by a sales tax since commuters might resent paying both the tax and a high, non-subsidized fare.

Garland Cost Example

As mentioned earlier in this report, the City of Garland, prior to participation in DART, contracted with the Dallas Transit System to provide park-and-ride express service between Garland and downtown Dallas. Twelve standard urban transit coaches with air conditioning and bench seats were used in the peak period to operate the 17 mile (one-way) line. Between October 1983 and January 1984, the contractual unit price charged to Garland was \$61.50 per vehicle 'hour. This rate was based upon DTS' fully allocated cost for the Garland line, adjusted to subtract DTS shelter maintenance costs and advertising revenue generated by contracted vehicles. This unit price represented the cost which DTS, a public entity, incurred while operating service on that route.

In light of the unit price ranges previously discussed for Cost Levels A, B, and C, reasonable estimates can be made regarding Garland's costs to operate the service using private sector approaches. Table 1 outlines the observed annual costs under public provision and the estimated annual costs, at the 3 levels, under Private Contracting--Option I. Under Option I the City of

TABLE 1

ESTIMATED COSTS TO CITY UNDER PUBLIC PROVISION
AND PRIVATE CONTRACTING--OPTION I
GARLAND PARK-AND-RIDE EXAMPLE

	Unit Cost Per Vehicle Hour (a)	Annual Vehicle Hours (b)	Annual Cost To Provide Service (c)
Public Provision	\$61.50	14,654	\$ 901,221
Private Contracting (Including Vehicles, Maintenance, and Supervisory Services)			
• Cost Level "A"	25.00	14,654	366,350
• Cost Level "B"	34.00	14,654	498,236
• Cost Level "C"	71.00	14,654	1,040,434

- (a) The unit cost per vehicle hour for public provision (~~(\$61.50)~~) is the contractual rate charged Garland by DTS since October 1983. The unit cost per vehicle hour for private contracting (including vehicles) was derived by finding the midpoint of the observed contract rate ranges for the Chicago RTA (Cost Level "A"), Connecticut DOT (Cost Level "B"), and the Houston MTA (Cost Level "C"). These rates, originally in terms of revenue hours (hours in passenger service), were converted to vehicle hours assuming a 10 percent deadhead mileage factor.
- (b) Annual vehicle hours are those observed for the Garland service in 1983 (Source: City of Garland).
- (c) Annual cost to provide service is the unit cost per vehicle hour times the annual vehicle hours.

Garland would contract with a private firm to provide vehicles, vehicle maintenance, drivers, and management personnel. The cost to Garland would be a contracted price-per unit of service (such as vehicle miles).

Tables 2 through 5 outline the estimated driver and management personnel, vehicle, and maintenance costs to Garland under Private Contracting--Option II at the 3 cost levels. Option II would consist of a city contract with a private firm for drivers and management services only. As with Option I, the city would pay the contractor based upon a contracted price per unit of service. Unlike Option I, Garland would provide and pay for vehicles and maintenance.

Table 6 summarizes the City of Garland's potential costs, revenues, and deficits/surpluses under public service provision and the two private contracting options. Based only upon the city's total outlay to provide service, the following provision option and cost level combinations are ranked in order of preference:

- 1)) Private Contracting -- Option I/Cost Level A
- 2)) Private Contracting -- Option I/Cost Level B
- 3)) Private Contracting -- Option II/Cost ~~Level A~~ **Level A**
- 4)) Private Contracting -- Option II/Cost ~~Level B~~ **Level B**
- 5)) Public Provision
- 6)) Private Contracting -- Option I/Cost Level C
- 7)) Private Contracting -- Option II/Cost Level C

According to the ranking, Private Contracting--Option I at Cost Level A may be the least costly strategy for providing service on the Garland route. Recall

TABLE 2

ESTIMATED DRIVER/MANAGEMENT COSTS TO CITY UNDER
PRIVATE CONTRACTING--OPTION II
GARLAND PARK-AND-RI DE EXAMPLE

DRIVERS AND MANAGEMENT PERSONNEL (Provided by Contractor)	Unit Cost Per Vehicle Hour (a)	Annual Vehicle Hours (b)	Annual Cost of Drivers and Supervisory Personnel (c)
● Cost Level "A"	\$18.75	14,654	\$274,762
● Cost Level "B"	25.50	14,654	373,677
● Cost Level "C"	53.25	14,654	780,325

(a) The unit costs per vehicle hour under a private contract for drivers and supervisory support only were estimated by assuming them to be 75 percent of the contractual costs (in Table 1) that included vehicles, maintenance, and services. This 75 percent factor was the Tidewater Transportation District ratio of their unit cost without contracting for vehicles to their unit cost where minibuses were privately provided.

(b) Annual vehicle hours are those observed for the Garland service in 1983 (Source: City of Garland).

(c) The annual cost of drivers and supervisory personnel is the product of the unit cost per vehicle hour times the annual vehicle hours.

TABLE 3

ESTIMATED VEHICLE COSTS TO CITY UNDER
PRIVATE CONTRACTING--OPTION II
GARLAND PARK-AND-RIDE EXAMPLE

VEHICLES (Provided by City)	Number of Vehicles (d)	Cost Per Vehicle (e)	Annual Cost of Vehicles (f)
● Cost Level "A"	14	\$ 40,000	\$16,437
● Cost Level "B"	14	70,000	28,765
● Cost Level "C"	14	150,000	61,639

- (d) In 1983, 12 peak vehicles were required to serve the Garland line. Assuming a 15 percent spare bus ratio, a 14 vehicle fleet would be needed to operate at the 1983 level of service.
- (e) The school buses associated with Cost Level "A" are assumed to cost \$40,000 per vehicle (an average estimated through contacts with local bus distributors). While older over-the-road and suburban buses typify Cost Level "B", only new vehicles or rebuilt buses are eligible for federal funding. For the purposes of this example, it is assumed that rebuilt over-the-road or suburban coaches would be obtained at a cost of \$70,000 per vehicle. New, over-the-road buses associated with Cost Level "C" are assumed to cost \$150,000 per vehicle.
- (f) The annual cost of vehicles relates to the local contribution (after 80 percent federal funding) toward total vehicle costs (14 vehicles times the cost per vehicle times 20 percent) annualized over 12 years at a 10 percent interest rate. This analysis assumes no State assistance, though such aid in defraying the local 20 percent match is often available.

TABLE 4

ESTIMATED MAINTENANCE COSTS TO CITY UNDER
PRIVATE CONTRACTING-- OPTION II
GARLAND PARK- AND- RIDE EXAMPLE

MAINTENANCE (Provided by City)	Annual Maintenance Operating Expenses (g)	Annual Maintenance Capital Expense (h)	Annual Maintenance Cost (Capital and Operating) (i)
Cost Levels A, B & C	\$180,244	\$ 42,432	\$222,676

(g) Maintenance expenses are assumed to be 20 percent of total operating expenses (based upon 1980-81 National Urban Mass Transportation Statistics: Section 15 Reporting System). A \$12.30 maintenance cost per vehicle hour (20 percent of the \$61.50 unit cost of public provision) is multiplied by the annual vehicle hours operated to obtain the annual maintenance operating expense.

(h) Since Garland does not have the physical facilities to maintain 14 buses, either a new building or an expansion of existing motor pool maintenance facilities would have to be constructed. Given the small size of the fleet, a \$2,000,000 capital investment is assumed for this new construction or expansion. The annual capital expense for maintenance is the 20 percent local match (after the 80 percent federal funding) annualized over 30 years at a 10 percent interest rate.

(i) The annual maintenance cost is the sum of the annual maintenance operating expenses plus the annual maintenance capital expenses.

TABLE 5

SUMMARY OF ANNUAL COSTS TO CITY UNDER
PRIVATE CONTRACTING- - OPTION II
GARLAND PARK- AND- RIDE EXAMPLE

	Cost Level A	Cost Level B	Cost Level c
Annual Cost of Drivers/Supervisory I Personnel Personnel	\$274,762	\$373,677	\$ 780,325 \$ 7aoy325
Annual Cost of Vehicles (Local Share)	16,437	28,765	61,639
Annual Maintenance Costs (Capital and I Operating) Operating)	222,676	222,676	222,676
TOTAL COSTS	\$513,875	\$625,118	\$1,064,640

TABLE 6

SUMMARY OF POTENTIAL CITY COSTS, REVENUES, AND DEFICITS/SURPLUSES
UNDER PUBLIC SERVICE PROVISION AND PRIVATE CONTRACTING--
OPTIONS I AND II
GARLAND PARK-AND-RIDE EXAMPLE

	Annual Revenue (a)	Annual Cost to City	Annual Deficit/Surplus (b)
Public Provision	\$498,724	\$ 901,221	-\$402,497
Private Contracting -- Option I			
• Cost Level A	498,724	366,350	+ 132,374
• Cost Level B	498,724	498,236	+ 488
• Cost Level C	498,724	1,040,434	- 541,710
Private Contracting -- Option II			
• Cost Level A	498,724	513,875	- 15,151
• Cost Level B	498,724	625,118	- 126,394
• Cost Level C	498,724	1,064,640	- 565,916

(a) Annual revenue was calculated by multiplying the observed 1983 annual Garland ridership (234,143) times the \$2.13 average one-way fare for that year (Source: City of Garland). For purposes of this analysis, fares and revenues are assumed to be constant for all cost levels. In reality, an operator may be able to charge a higher fare for the better level of service at Cost Level C (i.e., newer, over-the-road buses). Conversely, the lower level of service offered under Cost Level A (i.e., school buses) may not allow an operator to set a fare as high as that charged for Cost Level B or C service.

(b) The annual deficit/surplus is the annual revenue less the annual cost to provide service. In the past, federal operating assistance has covered half the deficit with the local operator funding the remaining portion. If current federal policy prevails, however, federal aid at the 50 percent level should not be expected.

from the earlier discussion of cost levels that Cost Level A entails service provided by small firms using school bus type equipment. While placing second in the cost ranking, Private Contracting--Option I at Cost Level B offers equipment type and quality most comparable to that under public provision. The ranking shows that private contracting under Options I and II at Cost Level C could prove more expensive than public provision to operate the Garland service. It should be borne in mind, however, that factors other than cost (e.g. desire for a high-level equipment type and quality, a more experienced contractor, etc.) may make private contracting options at Cost Level C more attractive to particular cities or transit agencies.

Tables 7 and 8 are intended to outline how a self-supporting operation might function in Garland. As previously mentioned, though the city or transit agency outlay for such an operation would be nominal, demand must be sufficient to allow a profit. Consequently, there must be no objection on the part of the city or transit agency to fare levels which yield an appropriate rate of return. Table 7 illustrates the estimated revenues and costs to a private firm while operating the 1983 number of annual vehicle hours (same as in Tables 1 and 2)) at a \$2.50 one-way base fare. With a \$281,356 shortfall, a profit is far from realization. Table 8 shows the estimated revenues and costs to the private operator under a \$4.55 one-way base fare. This is the minimum fare that the private operator could charge and still cover his costs plus a 6 percent profit. Table 8 assumes that even though ridership would decline with the increased fare, the level of service (i.e., annual vehicle hours) would not change. While reducing the number of vehicle hours would reduce the operating cost, the diminished level of service could negatively impact ridership and revenue. In reality, to make the line profitable, some equilibrium between

TABLE 7

SELF-SUPPORTING OPERATION
CHARGING A **\$2.50** (ONE-WAY) BASE FARE
GARLAND PARK-AND-RI DE EXAMPLE

Average Fare (a) \$ 2.13	Annual Ridership (b) 234,143	Annual Revenue (c) \$498,724	Overage/Shortfall (g) \$281,356
Unit Cost Per Vehicle Hour to Private Provider (d) \$50.22	Annual Vehicle Hours (e) 14,654	Annual Cost Plus 6% Profit (f) \$780,080	

(a) The combination of a **\$2.50** base fare and reduced fares for the elderly and handicapped rendered 'a **\$2.13** average fare in 1983 (Source: City of Garland).

(b) 1983 annual ' ridership on Garland Park-and-Ride Line (Source: City of Garland).

(c) 1983 annual revenue on Garland Park-and-Ride Line (Source: City of Garland).

(d) The unit cost per' vehicle hour is that cost incurred by the private provider in operating the service (not including profit). A survey of private operators conducted by the Southern California Area Governments found an average operating cost of **\$2.79** per revenue mile. This unit cost multiplied by an assumed 20-mile per hour average speed (including layover time) yields a rate of **\$55.80** per revenue hour. Using the 10 percent deadhead factor from Table 1, this rate per revenue hour is converted to **\$50.22** per vehicle hour.

(e) 1983 annual vehicle hours operated (Source: City of Garland).

(f) Unit operating cost (d) times annual vehicle hours (e) plus an assumed 6 percent profit.

(g) Annual revenue (c) minus annual cost plus profit (f)..

TABLE 8

SELF-SUPPORTING OPERATION
CHARGING A \$4.55 (ONE-WAY) BASE FARE
GARLAND PARK-AND-RIDE EXAMPLE

Average Fare (h) \$ 3.88	Annual Ridership (i) 201,597	Annual Revenue (j) \$782,196	Overage/Shortfall (n) +\$2,116
Unit Cost Per Vehicle Hour to Private Provider (k) \$50.22	Annual Vehicle Hours (l) 14,654	Annual Cost Plus 6% Profit (m) \$780,080	

(h) The ratio of the 1983 Garland average fare (\$2.13) to base fare (\$2.50) is 0.85. This ratio was multiplied by the increased base fare (\$4.55) to obtain the increased average fare (\$3.88).

(i) The annual ridership was reduced from that experienced under the \$2.50 base fare. A 0.17 peak-period fare elasticity²² was assumed in computing the reduction in patronage.

(j) Average fare (h) times annual ridership (i).

(k) The unit cost per vehicle hour is that cost incurred by the private provider in operating the service (not including profit). A survey of private operators conducted by the Southern California Area Governments²¹ found an average operating cost of \$2.79 per revenue mile. This unit cost multiplied by an assumed 20-mile per hour average speed (including layover time) yields a rate of \$55.80 per revenue hour. Using the 10 percent deadhead factor from Table 1, this rate per revenue hour is converted to \$50.22 per vehicle hour.

(l) 1983 annual vehicle hours operated (Source: City of Garland).

(m) Unit operating cost (k) times annual vehicle hours (l) plus an assumed 6 percent profit.

(n) Annual revenue (j) minus annual cost plus profit (m).

increasing fare and cutting back service would be sought by the private operator.

POTENTIAL CONSTRAINTS

Certain obstacles may exist that adversely affect or preclude private sector commuter service provision. Street use restrictions, franchise fees, Urban Mass Transportation Act of 1964 (as amended) Section 13(c), and Regulatory Provisions are all potential impediments to be considered. Each will be discussed individually.

Street Use Restrictions

Typically, a municipality reserves the right to restrict public and commercial transportation vehicles to specific routings. This would apply to any jurisdiction through which an express line passed. Locally, the previously mentioned Arlington-to-Dallas Park-and-Ride Line is restricted by the City of Dallas to specific loading/unloading points and route alignment within the CBD.²³ The Chicago Regional Transportation Authority (RTA) and the Golden Gate Transportation District have had to realign some of their contract commuter routes in response to municipality requests.^{24,25} In general, street use restrictions do not appear to be a major concern. It is imperative, however, that the city or transit agency contemplating privately provided park-and-ride lines discuss bus stop and alignment requirements with the appropriate department (e.g., Transportation, Public Works, Traffic Engineering, etc.) within affected jurisdictions.

Franchise Fees

In many cases, cities are empowered to levy a franchise fee on private transportation firms operating within their jurisdiction. This fee is most

often associated with taxicabs, though some municipalities may assess private bus operations. The City of Arlington could possibly collect fees from the firm operating its park-and-ride line. It does not choose to do so, however, since the line is viewed as a public service.²⁶ Elsewhere, the Chicago RTA and Golden Gate Transportation District have never had franchise fees assessed in any of their commuter bus contract operations.^{27,28} Franchise fees are not likely to pose many problems, though the legal and finance departments of affected cities should be advised of prospective operations in the early planning stages.

Section 13(c)

Under Section 13(c) of the Urban Mass Transportation Act of 1964 (as amended) recipients of federal operating or capital funding are required to obtain transit labor union agreement on grant applications. This certification is given when the union perceives that its bargaining rights, working conditions, job security, and compensation are not worsened by the projects or operations to be funded.

Generally, service operated by private firms under the self-supporting option is not affected by Section 13(c). Transit agencies or cities intending to receive federal subsidies for direct contract operations, however, could potentially run into stumbling blocks when obtaining the requisite union approval. Specifically, problems may arise if the privately contracted service replaces existing service operated by union personnel. Tidewater Transportation District Commission officials believe that 13(c) is problematic but should not be viewed as insurmountable. Their approach has been to implement contract service slowly, incrementally replacing public operation with private. Although the union has sometimes balked at giving their 13(c)

approval on grant applications, **TTDC** believes that these problems have not been as severe as if contract services had been installed at once.²⁹ The Chicago **RTA** and the Golden Gate Transportation District have not experienced **13(c)** problems since their contract operations enhance or parallel existing service and therefore do not jeopardize union job security.^{30,31} In the case of a city not participating in **DART** or **FWTA**, a park-and-ride private contract operation (with federal subsidy) would not be likely to encounter **13(c)** resistance if there is no existing union-provided service that would be threatened.

Regulatory Provisions

The Texas Railroad Commission has authority to regulate intrastate and intercity bus carriers in Texas, with the exclusion of taxicabs carrying fewer than six passengers. Such service is authorized in a certificate issued by the Commission or by the Interstate Commerce Commission pursuant to **49 U.S.C. 10922**.

Criteria for licensing a carrier include public convenience and necessity and whether the company is a "fit carrier," i.e., whether it is financially sound, carries adequate insurance, meets safety requirements, and fills a need not met by existing carriers.³²

Under recently enacted **H.B. 593** and **S.B. 28** and **960**, bus companies do not fall within the Commission's jurisdiction if they operate wholly within the limits of an incorporated town or city and its suburbs. However, neither the statutes nor court cases have adequately defined the term "suburb." (A **1945** court case defined "suburb" as the point at ~~which~~ the agricultural land began.) A Railroad Commission official noted that this lack of definition has led to

strict interpretation of the term by the Commission in order to deflect possible lawsuits. The carrier (Transportation Enterprises, Inc.) which operates bus services between Dallas and Fort Worth holds a Railroad Commission certificate to operate on three routes. One ((I.H. 30)) is strictly through service which makes no intermediate stops. The other two ((S.H. 183 and U.S. 80)) are authorized to stop at intermediate points and to use necessary city streets at those points. 33

This unresolved definitional problem results in a number of regulatory constraints. Railroad Commission approval is required of smaller cities even if they own their own buses and employ their own drivers. The municipality must submit a \$25 filing fee and show proof of insurance. If the transit authority owns the buses and employs the drivers, Railroad Commission approval is unnecessary. However, if the authority contracts with a private firm, each private firm must make application to the Railroad Commission. Still to be resolved in court is the question of whether transit authority member cities are considered "suburbs." In short, the "suburb" issue must be decided on a case-by-case basis. 34

CHAPTER IV

DIRECTION FOR SERVICE IMPLEMENTATION

This chapter is ~~directed~~ at those cities or transit agencies considering new or additional park-and-ride service. To aid in service implementation, a ~~step-by-~~step procedure will be outlined along with a brief description of each step. For region cities or transit agencies wishing to pursue private sector service delivery, this chapter will also ~~present~~ a summary of the project's private bus firm survey. This survey was aimed at assessing the availability of interested and qualified private providers in the area.

GENERAL IMPLEMENTATION PROCESS

This process (see Figure 3)) is intended as a basic checklist of decisions to be made and points to cover in implementing park-and-ride commuter services. Additional steps may be dictated by the needs of the individual city or transit agency in specific situations. Conversely, certain items may not be applicable in some cases.

STEP 1 - IDENTIFICATION OF LINE CANDIDATES FOR PARK-AND-RIDE SERVICE

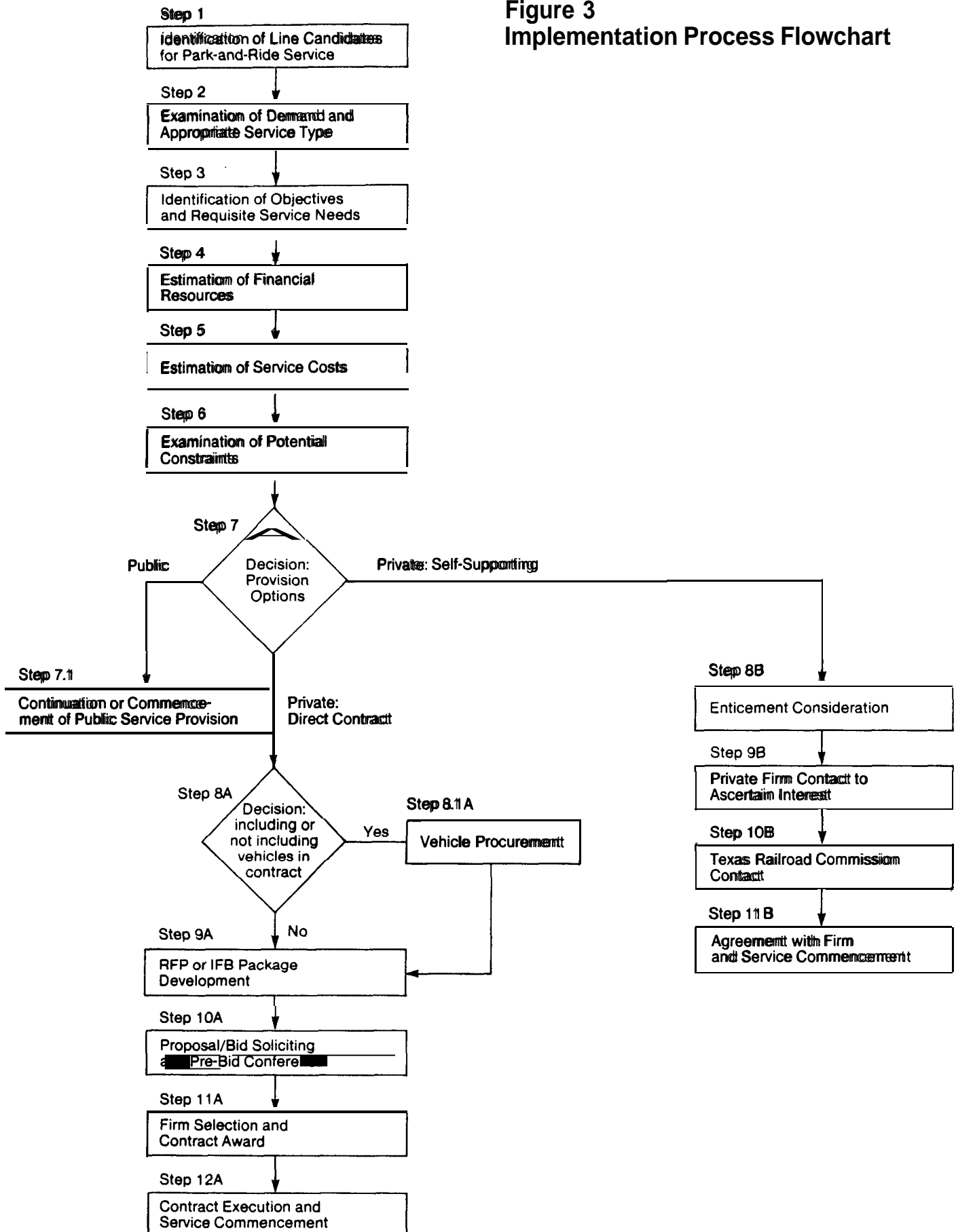
This first step merely asks: "Should park-and-ride service be initiated or continued, and if so where?" Potential routes and lot sites are identified at this point. A review of the lot site recommendations contained in an earlier ~~NCTCOG~~ publication on park-and-ride lots and preferential treatment locations may be useful.* If no potential is seen by city or transit agency decision makers, the process ends here.

STEP 2 - EXAMINATION OF DEMAND AND APPROPRIATE SERVICE TYPE

This step involves the analysis of ridership data on existing routes and the estimation of patronage on potential lines. ~~The~~ latter may involve some market research such as questionnaires distributed through employers or water bill

* Transportation and Energy Department, Regional Park-and-Ride and Preferential Treatment Study (Arlington, Texas: North Central Texas Council of Governments, July 1979).

**Figure 3
Implementation Process Flowchart**



inserts. For those lines that look most promising, a determination of the most appropriate type of commuter service is made: either the conventional, subscription, or combination service discussed in Section II. This decision should take into account the **population** and employment density of the existing or proposed service **area(s)**, the current or projected demand, and the advantages and disadvantages of each service type.*

STEP 3 - IDENTIFICATION OF OBJECTIVES AND REQUISITE SERVICE NEEDS

In this step, city or transit agency service-related objectives are identified, specifically those relating to:

- Acceptable Peak-Period Operating Costs
Do current budgetary constraints require peak-period commuter service to be provided at the lowest possible cost or is there a fairly stable funding source enabling more latitude in service decisions?
- Low Financial Risk in Implementing New Service From Scratch
Are large start-up capital investments in vehicles and operating/maintenance facilities unacceptable?
- Expansion of the Present Fleet
Would provision of peak-period commuter service necessitate fleet and/or maintenance facility expansion? Is such an expansion viable or unacceptable?
- The Need to Implement Commuter Service Immediately
What is the time frame within which commuter service must begin? Must service begin immediately (i.e., within 3 to 6 months) or is a longer lead time acceptable (i.e., 1 to 2 years)?

Once established, these objectives may point to or preclude specific service **provision** strategies and affect choices on vehicle and provider standards.

STEP 4 - ESTIMATION OF **FINANCIAL** RESOURCES

This step involves the identification and estimation of financial resources that can be committed to the particular route(s). This would include fare revenue projections (tied in with the demand estimate in Step 2), city or transit agency funds, and other local, state, or federal assistance. The diminishing role of federal operating assistance should be entered into the equation.

* The following document may be useful in this examination: U.S. Department of Transportation, Transit System Performance Evaluation and Service Change Manual (Washington, DC: Government Printing Office, February 1981).

STEP 5 - ESTIMATION OF SERVICE COSTS

At this point, costs to a city or transit agency incurred in operating the proposed or existing service are estimated under public and private provision options. Both operating and applicable capital costs should be included.

STEP 6 - EXAMINATION OF POTENTIAL CONSTRAINTS

Possible constraints to service provision such as street use restrictions, franchise fees, Section 13(c), and regulatory provisions are investigated with regard to the specific route(s) and services in mind. Contacts are made with appropriate city legal, finance, and transportation departments in addition to the Texas Railroad Commission and potentially affected transit labor unions.

STEP 7 - DECISION: PROVISION OPTIONS

In light of information and choices generated in Steps 1 through 5, a decision is made as to which provision options are desired:

- Public
- Private
 - Direct Contract
 - Self-Supporting

If Public provision is selected, go to Step 7.1; if Private: Direct Contracting is opted for, go to Step 8A; if the Private: Self-Supporting option is chosen, go to Step 8B. Information gathered in Steps 2 through 5 may also point to a reconsideration of the original decision to provide service at all (Step 1).

STEP 7.1 - CONTINUATION OR COMMENCEMENT OF PUBLIC SERVICE PROVISION

Efforts are made to continue or begin public service. Where appropriate, additional buses are procured, maintenance facilities expanded, and drivers hired.

Direct Contract

STEP 8A - DECISION: DIRECT CONTRACT INCLUDING OR NOT INCLUDING VEHICLES

In light of the objectives and service needs identified in Step 3, a decision is made whether or not to include vehicles as part of the contracted services. If the city or transit agency owns the required buses or if vehicles are to be included under private contract, go to Step 9A. If lead time is not a factor and the city or transit agency wishes to procure vehicles, go to Step 8.1A.

STEP 8.1A - VEHICLE PROCUREMENT

Where federal funding is sought, the vehicle purchase must be included in the region's Transportation Improvement Program (TIP) Annual Element before a grant can be requested. The grant application, specification development, bid soliciting, and contract award are then set in motion. The entire grant and procurement process can be lengthy, particularly if there is a long waiting list at the manufacturing end. Once vehicles are obtained, go to Step 9A.

STEP 9A - CONTRACT DRAFTING AND REQUEST FOR PROPOSAL (RFP) OR INFORMATION FOR BID (IFB) PACKAGE DEVELOPMENT

In this step, a contract is drafted with the aid of legal counsel. Vehicle specifications, if applicable, are included. A detailed description of the project service -requirements is typically contained in a "Scope of Services" Appendix to the contract. At this point, a choice between soliciting proposals or bids is made and an appropriate package developed. Awarding a contract on the basis of proposals offers distinct advantages over the traditional low bid criterion. Under the proposal approach, firms can be evaluated on their overall ability to perform the scope of services and fulfill other contractual specifications. While the project budget is an important component of the proposal, other firm characteristics are also entered into the selection calculus. The proposal approach also allows for budget and service negotiation with a potential contractor; the low bid approach does not permit this flexibility. A sample package containing an RFP and companion contract is included for reference in Appendix A.

STEP 10A - PROPOSAL/BID SOLICITING AND PRE-BID CONFERENCE

Once all the RFP or IFB packages have been distributed and adequate public notice given, a pre-bid conference may be desirable. This meeting of city or transit agency officials and potential contractors affords the opportunity for contract and RFP clarification. Individual requirements and specifications may be discussed and, where problems exist, rectified.

STEP 11A - FIRM SELECTION AND CONTRACT AWARD

If the IFB approach is taken, the lowest bid is ascertained. If an RFP is used, the best proposal is selected based upon a set of pre-determined criteria and weighting. If necessary, budget and/or service may be negotiated with the firm submitting the optimum proposal. Before any contracts are awarded, the Texas Railroad Commission should approve the selected firm and services to be provided.

STEP 12A - CONTRACT EXECUTION AND SERVICE COMMENCEMENT

Once the contract is executed with the selected firm, service should be provided on the first day of the contract term.

Self-Supporting

STEP 8B - ENTICEMENT CONSIDERATION

This step involves city council and staff consideration of enticements which the municipality could offer a private firm to make service provision more attractive. Items discussed previously include the firm's use of city lots for park-and-ride facilities and limited advertising through city channels (e.g., utility bills).

STEP 9B - PRIVATE FIRM CONTACT TO ASCERTAIN INTEREST

At this point, private bus firms are contacted to determine their interest. The city outlines what it can offer, and each firm counters with the level of effort (if any) it is willing to provide.

STEP 10B - TEXAS RAILROAD COMMISSION CONTACT

The Railroad Commission is contacted to ensure that the firms being considered are authorized to operate over the appropriate route(s). If an uncertified firm needs a certificate to operate the service, it may make application at this time.

STEP 11B - AGREEMENT WITH FIRM AND SERVICE COMMENCEMENT

Once Railroad Commission approval is obtained for the firm(s) interested in operating the service, an agreement may be reached between the firm and the city. Such an agreement, more likely to be informal than contractual, might include city provided facilities, services, and appropriate exemptions from fees or restrictions (e.g., franchise fees, street use limitations). In turn, the firm would agree to begin and continue service as long as it was profitable.

SURVEY OF PRIVATE BUS FIRMS

As part of this project, a survey was administered to determine those private firms who are interested in and capable of providing commuter bus service in the Dallas-Fort Worth region. During September and October, 1983, a questionnaire was developed (see Appendix B) and distributed to several private transportation providers within an approximate 300-400 mile radius of Dallas-Fort Worth. Texas Railroad Commission registrations and local Yellow Pages were used to obtain the names of potential respondents. Firms were then contacted by phone and asked to participate. If they consented, a questionnaire was mailed with return postage pre-paid.

Detailed below are the results of the survey by questionnaire item: General Characteristics, Fleet Characteristics, Labor Characteristics, Availability, Previous Experience, Local Base of Operations, and Price Estimate. A brief discussion of survey comprehensiveness is also included. Due to the variable nature of responses, survey results are summarized primarily in narrative form. Specific information on individual carriers is available to city and transit agency staff upon request.

General Characteristics

General characteristics of surveyed bus companies are outlined in Table 9. Of the thirteen firms which returned questionnaires, eight are involved in local or intercity charter operations, six provide commuter or park-and-ride services, three operate airport or other shuttle services, and one is involved in vehicle leasing. Only two firms are in the ~~MBE/MBE~~ category. More companies (9) are interested in the contract option than in the commuter service-for-profit option (5).

Five of the firms have certificates to operate in the Dallas-Fort Worth area. While they did not mention specific routes, Skylark Van Service holds a certificate to operate between D/FW Airport and Wichita Falls, and Central Texas Trailways holds certificates for Dallas to ~~Waxahachie~~ and Fort Worth to ~~Cleburne~~. Arrow Trailways is licensed to operate on I.H. 30 between Dallas and Fort Worth, while Transportation Enterprises (TEI) holds certificates on U.S. 80 and I.H. 30 between Dallas and Fort Worth and between Dallas and ~~Denton~~ on highways I.H. 35E, U.S. 77, and U.S. 377. Roadrunner Airport Shuttle is licensed for service in ~~Grayson~~, Cooke, ~~Collin~~, and ~~Denton~~ Counties. Additionally, two firms, Educational Tours and ~~Grayline~~ of Dallas/Fort Worth, hold city permits for charter bus operations.

Fleet Characteristics

Of the thirteen respondents, four have between 5 and 10 buses, two have fewer than 5, and one did not specify a number. Two firms have ~~sizeable~~ bus fleets of up to 150 vehicles.

Although breakdowns of these numbers by vehicle type, age, and other factors was by no means uniform, it appears that most of the respondents have ~~over-the-~~

TABLE 9

GENERAL CHARACTERISTICS OF BUS SERVICE PROVIDERS

Nature of Firm

Local/Intercity Charter	8
Lease Service	1
Commuter/Park-and-Ride Service	5
Airport/Other Shuttle	3

MBE or WBE

Yes	2
No	10

Option Preferences

#1 (Direct Contract)	9
#2 (Self-Supporting/For-Profit)	5

Route Certificates in Dallas-Fort Worth Area

Yes	5
No	6

road design intercity motor coaches, ranging in quantity from 3 to **150** buses and in age from 2 to **25** years old. One firm is prepared to buy additional new coaches to provide the necessary service, while another's estimate of its "fleet" available for Dallas-Fort Worth service is based on specific coaches it will buy if it receives the contract. Other vehicle types available include school buses and city transit buses. More specific information on fleet characteristics may be found in individual questionnaires provided to area cities.

Labor Characteristics

Information on labor characteristics is variable. Of those who answered the question on the number of available drivers and mechanics, only one could commit over **30** employees; this firm is also prepared to hire more maintenance and management personnel and drivers as needed. Four firms said that the number of personnel committed would depend on the routes awarded, number of runs, etc. The most other firms could commit was **12** full-time drivers and **4** full-time mechanics, although one firm could commit **15** part-time and 5 full-time drivers.

Availability

The bus availability questions drew additional varied responses. All but one company answered the item on lead time to begin service; time required ranged from "immediately" to "six months." Six firms indicated that it would take from one-to-two months to initiate service, while three required a week or less. Acquiring buses for additional service would require one-to-three months for six firms, a few weeks for one, and one week for another. For two firms, additional bus acquisition would depend on the number of routes awarded. The question on the number of vehicles and drivers which could be committed to a

new service contract was answered completely by only one firm, which could furnish 4 vehicles and 10 drivers. Five firms responded with a single number from 5 to 15, one with 100 vehicles, one said the numbers depended on routes awarded, and four failed to answer the question.

Previous Experience

Of the firms which returned the questionnaire, seven have been or are now involved in commuter bus operations or shuttle service, four are charter operations, and one leases its buses to various organizations.

Local Base of Operations

Eight of the thirteen firms have terminal and maintenance facilities in the Dallas-Fort Worth area. Four of the eight have major engine overhaul capabilities and would not need additional facilities for a new service contract.

Price Estimate

Three firms, citing the variability of hours of service and mileage, did not provide any price estimate. Specifics on the ten firms which did provide this information have been made available to area city staff personnel.

Survey Comprehensiveness

The results of the survey were somewhat disappointing, both from the standpoint of rate of return and information provided. Of the 36 firms contacted, only 20 consented to participate, and only thirteen returned the survey form (see Table 10). While the companies which responded expressed considerable interest in the possibilities for contract bus service in the area, it is difficult to compare firms because of vagueness of answers and omission of questions by

TABLE 10

LIST OF QUESTIONNAIRES
RECEIVED, NOT RETURNED, AND REFUSED

Received (in chronological order of receipt)

~~Kerrville~~ Bus Co. , ~~Kerrville~~
Joe Dallas Tours, Dallas
Transcontinental Stage Leasing, Dallas
Roadrunner Airport Shuttle, Sherman
Transportation Enterprises, Inc. , ~~Austin/D-FW~~
Arrow Trailways of Texas, Grand Prairie
B. H. Goodman Bus Service, Houston
Texas Coaches, Lubbock
Educational Tours, Inc. , Dallas
Gray Line of Dallas/Fort Worth, Dallas
Central Texas Trailways, Dallas
Skylark Van Service, Inc. , Wichita Falls
Transportation Specialists, Inc. , Dallas

Agreed to Participate But Did Not Return Questionnaire

Trailways, Inc. , Dallas
The Eagle, Waco
The Woodlands Commuter Service, Inc. , The Woodlands
Checker Limousine, Inc. , ~~Giddings~~
Lone Star Coaches, Inc. , Paris
Brown's Limousine Crew Car, Inc. , Fort Worth
Lone Star Bus Lines, Tyler

Refused (reasons given in parenthesis)

Greyhound, Inc. , Dallas
(Not interested)

McDonald Transit, Fort Worth
(Not interested)

Texas, New Mexico, & Oklahoma Coaches, Inc. , Lubbock
(Not interested)

Donald R. Janke, Taylor
(Has only one bus)

Golden Triangle Limousine Service, Inc. , Beaumont
(Serve **200** mile radius of Beaumont only)

Sunset Stages, Inc. , ~~Abilene~~
(Buses tied up with charter service, not wanting to expand)

Nichols Travel Service, Inc. , Fort Worth
(Does not own buses)

TABLE 10 (continued) .

Refused (continued)

Connection Specialists, Port Arthur
(Serve Houston area only)

Burrows Travel & Leasing, Inc., **Longview**
(Not interested)

Danner's Incorporated, Houston
(Not interested)

Blue Marine Transportation, Inc., Houston
(Maritime only)

Galveston Limousine Service, Inc., Galveston
(Airport service only in Houston-Galveston area)

Wild West Tours of Texas, San Antonio
(Not interested)

Michael L. **McAnally**, Round Rock
(Not interested)

Trans Texas Coaches, Odessa
(Out of jurisdiction)

American Sight Seeing, Bedford
(Do not have own buses)

Lambert Bus Service, Dallas
(Not interested)

several firms. The survey did, however, provide enough information to assemble comprehensive mailing lists for **RFP** or **IFB** packages. It is anticipated that future bid procedures would elicit more complete information from these transit providers.

CHAPTER V

CONCLUSION

Based upon this study, private sector strategies merit strong consideration in the provision of park-and-ride commuter bus service. This is particularly true if service must be provided within a short lead time, if new service must be started from scratch with the lowest possible financial risk, or if a city or transit agency requires an expansion of ~~service~~ without increasing fleet size or maintenance capabilities. The choice of a private sector approach (and cost level) should be made in light of the specific city or transit agency's needs.

If service provision with the lowest possible city or transit agency outlay is required, then the Self-Supporting option may be appropriate. If a low cost strategy is desired and control over fares and service levels is deemed important, then Direct Contracting (for ~~vehicles~~, maintenance, and management services) at a lower cost level ("A" or "B")) may be more attractive. If expense to the city or transit agency is not as much a concern as the provision of high quality vehicles by experienced firms, then Direct Contracting (for vehicles, maintenance, and management services) at the high cost level ("C")) may be indicated. Where a city does own vehicles and maintenance facilities or wishes to acquire them, Direct Contracting for drivers and management services only (at the desired cost level) may be an attractive option.

This report is intended to assist area transit ~~agencies~~ in making decisions on commuter service delivery. It is hoped that the study findings will also be useful to area cities considering implementation of park-and-ride express service but not participating in a transit authority.

APPENDIX A

SAMPLE REQUEST FOR PROPOSALS ~~(RFP)~~
AND COMPANION CONTRACT FOR COMMUTER BUS SERVICES

Sources for this Appendix include Requests for Proposals ~~(RFP)~~, Information
for Bids ~~(IFB)~~, and Contracts from the following agencies:

Chicago Regional Transportation Authority
Golden Gate Bridge, Highway, and Transportation District
Metropolitan Transit Authority of Harris County
North Central Texas Council of Governments
San Diego Metropolitan Transit Development Board
Tidewater Transportation District Commission

REQUEST FOR PROPOSALS ((RFP))
FOR COMMUTER BUS SERVICES

It is the intent of _____ (Transit Agency or City) to select a contractor to provide commuter bus services. Proposals to perform said services should conform to the following instructions:

The offeror is expected to examine the RFP instructions and attached sample contract, including the Scope of Services, prior to preparation of proposal. Failure to do so will be at the offeror's risk. The offeror should note any exceptions to this contract, including the Scope of Services, in the proposal.

It is the policy of the Authority that minority business enterprises ((MBE's)) and women-owned business enterprises ((WBE's)) shall have the maximum practicable opportunity to participate in Authority projects as prime contractors or subcontractors. An MBE is a small business that is owned and controlled by minorities. A WBE is a small business that is owned and controlled by women. This means that minorities and/or women must own 51 percent of the business and that they must control the management and daily operations of the business. Minorities include Blacks, Hispanics, Asian Americans, American Indians and Alaskan Natives and members of the other groups or other individuals determined by the Small Business Administration to be economically and socially disadvantaged under Section 8 (a) of the Small Business Act. In connection with this solicitation, the Authority has established the following percentage(s) of the total dollar amount of this offer as its goals for MBE/WBE participation.

$\frac{\quad}{\text{MBE}}\%$ $\frac{\quad}{\text{WBE}}\%$

Each offeror shall take affirmative action and shall comply with the requirements of these provisions.

The proposal to be submitted by the offeror will contain as a minimum the following information:

- ((1)) Statement of Understanding -- After reviewing the attached Scope of Services ((~~Exhibit~~ A of the Sample Contract)), the offeror will provide a statement demonstrating an understanding of the services required under contract.
- ((2)) Approach to System Operation -- The offeror will provide a management plan to ensure reliable, on-time, cost-effective service under the attached contract provisions and Scope of Services. The plan should identify key management processes (reports, etc.), key staff responsibilities, key staff people (resumes, background, references), and organizational structure.
- ((3)) Vehicle Condition and Availability -- After reviewing the provisions in Article XIII of the sample contract, the offeror will identify vehicles to be used to undertake the Scope of Services. A proposed equipment list itemizing the year of manufacture, manufacturer, model or type, mileage, license number, and seating capacity of vehicle should be included.

- (4) Maintenance Facilities -- The offeror will provide information demonstrating to the Authority that he has the capability to maintain the vehicles he identifies under Item (3). This information should include, at a minimum, such items as location of facility, square footage, number of bays, engine/transmission overhaul capabilities, service vehicles, etc. The firm should also indicate whether additional maintenance facilities would be necessary to perform adequately under this service contract.
- (5) Experience/Past Performance -- The offeror will provide information demonstrating to the Authority that he has the experience to undertake this project. This information should include, at a minimum, the offeror's average employee years of experience in passenger transportation services, the number of years that the offeror has provided public transportation service, and the number and quality of similar ventures in which the offeror has been involved. Appropriate business references should also be included.
- (6) Financial Stability -- The offeror will provide information demonstrating to the Authority that he has the necessary financial resources to perform the contract in a satisfactory manner and within the required time. This information should include the offeror's most recent annual report and any appropriate supporting financial data.
- (7) Minority Business Enterprise (MBE) Information -- The offeror will demonstrate responsiveness to the Authority's policy concerning MBE's and WBE's discussed previously.
- (8) Project Budget -- The offeror will provide a budget to perform the attached contract Scope of Services. Total operating cost per revenue hour for each contract year will be specified. This rate will be inserted in the appropriate blanks in Article VI of the contract.

A contract shall be awarded based upon evaluation of the proposal content by a selection committee.

Prior to acceptance of a proposal, the Authority shall inspect the buses and all other materials, supplies, products, equipment and other facilities required for operation of the project.

The Authority reserves the right to reject any and all proposals and to ~~readvertise~~ for proposals.

At least ten (10) copies of the proposal shall be submitted to Mr./Ms.
 (Project Manager) , (Title) Authority's Name and
Address . Proposals ~~must~~ be received no later' than (Due Date) by
(Time) .

SAMPLE CONTRACT
FOR COMMUTER BUS SERVICES

STATE OF TEXAS **1**

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF **1**

This contract is entered into by and between (Transit Agency or City) (hereinafter called "Authority") and _____ (hereinafter called "Contractor") having offices at _____.

For and in consideration of the promises and agreements herein set forth, the Authority and Contractor hereby agree as follows:

ARTICLE I
WORK TO BE PERFORMED

The Contractor shall furnish all services, materials, supplies, plant, labor, equipment, vehicles, and management (except as specified herein that may be furnished by the Authority) necessary to accomplish the scope of services set forth in Exhibit A, Scope of Services for "Commuter Bus Services" attached hereto and made a part thereof.

ARTICLE II
PERIOD OF PERFORMANCE AND RENEWAL OPTION

The period of performance under this contract shall be for two **(2)** years beginning on April **1, 1984** and ending with the last run on March **31, 1986**. This contract may be renewed for one **(1)** or two **(2)** additional one **(1)** year periods upon mutual consent. The option to renew must be exercised not later than sixty **(60)** days prior to the end of the initial term (in the case of the first option) or prior to the end of the extended term (in the case of second option). If the contract extension is exercised, on April **1, 1986**, and April **1, 1987**, the second year cost per revenue hour specified in Article VI shall be recomputed to reflect the cost of living increase or decrease for the previous **(12)** months based upon the consumer price index for "all items" (Dallas-Fort Worth area, **1967=100**) published by the U. S. Bureau of Labor Statistics. All terms and conditions of this contract shall govern during any extension renewal.

ARTICLE III
CONTRACT AMENDMENTS

The Authority shall have the option to implement minor route changes upon seven **(7)** days written notice to the Contractor. Additionally, the Authority shall have the option to reallocate vehicles between the routes specified in Exhibit A--Scope of Services upon fourteen **(14)** days written notice to the Contractor; service affected by said reallocation will continue at the appropriate cost per vehicle hour specified in Article VI.

Major changes requiring additional vehicles and/or personnel, will be implemented following written agreement by both parties as to proper compensation to be paid to Contractor. Similarly, after the first 180 days following the effective date of this agreement, the Authority shall have the option to reduce service (i.e., vehicles and personnel) after written agreement by both parties as to adjustment to be made to Contractor's compensation.

ARTICLE IV TERMINATION OF CONTRACT

The following are bases for termination of contract by the Authority:

- A. Bankruptcy of the Contractor or assignment by him for the benefit of his creditors.
- B. Failure or refusal by the Contractor to cure any default within five (5) days after the Authority has given notice of the default.
- C. Failure or refusal of the Contractor to comply with the instructions of the Authority or with applicable Federal, State and local governing laws or codes; Contractors are to be particularly aware of the State of Texas statutes pertaining to motor vehicles.
- D. Failure by the Contractor to perform any of his obligations hereunder shall not constitute a breach of this agreement if such failure is caused by an act of God or by a strike of employees of the Contractor which causes a cessation or interruption of service; provided that if Contractor is excused from performing its obligations hereunder for either of the foregoing reasons for a period of fourteen (14) days or longer, Authority shall have the right to immediately terminate this contract.
- E. The Authority reserves the right to withhold payment to the Contractor, suspend the Contract, and/or provide substitute service with all charges in excess of contract rates therefore to be paid by the Contractor, in the event Contractor fails to meet any of the specifications with regard to vehicle or service quality as described under this contract until such time as the Authority determines that the Contractor has satisfactorily corrected any such deficiencies.
- F. If at any time the Authority considers it impracticable or undesirable to start or to continue performance of the work or any portion thereof (whether or not for reasons for which either party is responsible or for reasons beyond the control of the Authority), the Authority shall have the authority to cancel or to suspend the performance after sixty (60) days notice until such time as it may determine it feasible or desirable to proceed.

ARTICLE V
AVAILABILITY OF FUNDS

Funds are not presently available for the Authority's fiscal years **1984, 1985,** and **1986** or any- fiscal year covering a contract extension period (fiscal year shall be the period from October 1 through September **30**)). The Authority's obligation hereunder is contingent upon the availability of non-appropriated funds from which payment for the contract purposes can be made. No legal liability on the part of the Authority for the payment of any money shall arise unless and until funds are made available to the (Executive Director or appropriate city official) for these fiscal years and notice of such availability, to be confirmed in writing by the (Executive Director or appropriate city official) or his duly appointed representative, is given to the contractor.

ARTICLE VI
LEVEL OF EFFORT REQUIRED DURING CONTRACT PERFORMANCE

First Year

In performing the service described in Article I and Exhibit A--Scope of Services, the Contractor shall provide not less than _____ revenue hours nor more than _____ revenue hours at a cost of \$ _____ per revenue hour **during** the first ~~year of the~~ initial two (2) year ~~contract period~~ set forth in Article-II.

Second Year

In performing the service described in Article I and Exhibit A--Scope of Services, the Contractor shall provide not less than _____ revenue hours nor more than _____ revenue hours at a cost of \$ _____ per revenue hour during the second ~~year of the~~ initial two (2) year contract period set forth in Article T-E---

Contract Extension Period

In performing the service described in Article I and Exhibit A--Scope of Services during a contract extension period, the Contractor shall provide a level of effort (revenue hours) subject to mutual consent at a cost per revenue hour recomputed according to the consumer price index as described in Article II.

ARTICLE VII
FUEL ADJUSTMENT

During the Period of Performance of this Contract as provided in Article II, and in the event that the Railroad Commission of Texas allows after due hearing and consideration, a percentage fuel adjustment charge to be applied to intrastate, ~~intercity~~ passenger fares, express rates, and charter coach charges for the purpose of recovering fuel costs and no **other** costs incurred by such regulated carriers, by means of a "surcharge tariff" pursuant to the Railroad Commission of Texas rules, the annual charge per hour under this contract with the Authority will be adjusted accordingly by the same percentage. Such charge

shall be effective at the same time the Railroad ~~Commission~~ of Texas ruling is effective but action by the Railroad Commission of Texas prior to the commencement date under Article II shall not affect this contract.

ARTICLE VIII DAMAGES AND PENALTIES

It is agreed by the parties that strict adherence to the schedule of operations in rendering the public service called for by these specifications is of the essence. All service runs shall be made. It is further agreed that in the event no attempt is made by the Contractor to provide a vehicle for a service run, or if a service run is not provided strictly in accordance with the set schedule or if a service run is interrupted due to equipment failure or for any other reason within the control of the Contractor, damages will be sustained by the Authority.

Moreover, as it is, or will be, impracticable to determine ~~the actual~~ amount of such damages, the parties agree as follows:

- A. In the case that a service trip departs from any scheduled stop more than three ~~(3)~~ minutes ahead of schedule, the Contractor shall not receive payment for that service trip.
- B. In the case that a service trip departs from any scheduled stop more than ten ~~(10)~~ minutes but less than twenty ~~(20)~~ minutes later than scheduled time, the Contractor shall not receive payment for that service trip.
- C. In the case that a service trip departs a scheduled stop more than twenty ~~(20)~~ minutes after scheduled time, the Contractor shall not receive payment for that service trip, and, in addition, the Contractor shall, in each case, pay to the Authority, as liquidated damages, the sum of One Hundred Dollars ~~(\$100.00)~~.
- D. In the case that a service trip is not made or completed, the Contractor shall not receive payment for that service trip, and, in addition, the Contractor shall, in each case, pay to the District, as liquidated damages, Two Hundred Dollars ~~(\$200.00)~~ or the cost to the Authority for providing substitute service, whichever is greater.
- E. In the case that the air conditioning equipment on a bus does not function properly on any day on which the temperature is above ~~70°F~~, the Authority may reduce the contract payment for that service trip by ~~50~~ percent.

For the purposes of the above provisions: ~~(1)~~ a service trip shall be defined as one scheduled one-way revenue trip (either inbound or outbound) between end points on a route; and ~~(2)~~ compensation for a service trip shall be defined as the number of revenue hours scheduled for that service trip times the appropriate hourly rate specified in Article VI.

Said sums owed to the Authority as liquidated damages according to the above provisions and conditions may be deducted from payments otherwise due and owing by the Authority.

If a non-conformance to a schedule is determined by the Authority to have been caused by abnormal traffic conditions or other conditions not within the control of the Contractor, the above provisions may be waived by the Authority. In the event of such conditions, the Contractor shall notify Authority and appropriate local officials as much in advance as possible of the effect of ~~such~~ conditions on service. Contractor shall provide substitute buses, which are adequate in the Authority's ~~judgement~~, in the event of mechanical problems or other inability to provide service.

ARTICLE IX INSURANCE

The Contractor shall obtain and thereafter maintain the following types of insurance covering the period of this contract set forth in Article II hereof, and with minimum limits as specified:

- A. Workmen's Compensation and Employer's Liability Insurance as required by the laws of the State of Texas.
- B. Comprehensive General Liability Insurance, covering the use, maintenance, and operation of Contractor's buses in performing the Scope of Services set forth in Exhibit A herein, with limits of not less than **\$500,000** per occurrence for Bodily Injury and no less than **\$100,000** per occurrence for Property Damage, with coverage extended for:
 - (1) Premises-Operations Liability;
 - (2) Independent Contractor's Liability;
 - (3) Contractual Liability covering the Service Provider's indemnification obligation contained herein;
 - (4) Product Liability; and
 - (5) Personal Injury Liability extending to claims **arising** from employees;
- C. Automobile Liability Insurance covering all owned, hired, and non-owned automobiles used in connection with the Scope of Services, set forth in Exhibit A herein, with limits of not less than **\$250,000** per person, **\$500,000** per occurrence for Bodily Injury, and **\$100,000** for Property Damage; and
- D. Umbrella Catastrophe Liability Insurance for the excess of ~~(2)~~, and ~~(3)~~ above, with a limit of not less than **\$5,000,000**.

The Contractor agrees to present Certificates of Insurance of required insurance to the (Executive Director or appropriate city official) within fifteen ~~(15)~~ calendar days after receipt of a fully executed copy of this contract. The Certificates of Insurance shall contain an endorsement that cancellation or material change in the policies adversely affecting the interests of the Authority in such insurance for a period of the contract shall not be effective unless a thirty ~~(30)~~ day written notice of cancellation or change is given to the (Executive Director or appropriate city official).

ARTICLE X INDEMNIFICATION

Contractor shall assume liability for, and hold harmless the Authority and Authority's successors, assigns, officers, directors, employees and agents from any liabilities; obligations, losses, damages, claims, or costs, including legal fees and expenses, incurred by or asserted against Authority, resulting from any of the following: the failure of Contractor to operate bus service in conformance with law; the violation by the Contractor of any of the provisions of this Agreement; any act or failure to act by any officer, director, employee or agent of the Contractor; any injury to any person, loss of life, or loss or destruction of property arising out of or relating to operation of the bus services, Authority will promptly notify Contractor in writing of any claim or liability which the Authority believes to be covered under this paragraph.

ARTICLE XI SUBMISSION OF INVOICES AND REPORTS

The Contractor will invoice the Authority on a monthly basis for services provided. Revenue hours of service provided shall be itemized by route by week. Billing charges will be determined by multiplying the revenue hours of service provided times the appropriate cost per revenue hour specified in Article VI. Any charges for the Scope of Services, set forth in Exhibit A, not actually provided shall not be included, and if ~~included~~, shall be deducted from the invoice amount.

Each Monday (or on a more frequent basis, at the discretion of the Authority) a report of the number of passengers carried during the previous week, on a ~~trip-~~by-trip basis, together with a mileage report, on forms supplied by the Authority, must be submitted to the Authority. In addition, the Contractor shall submit a monthly minority business utilization report in such a form as prescribed by the Authority.

ARTICLE XII FARE COLLECTION

All **farebox** receipts collected during the operation of the services set forth in Exhibit A are property of the Authority.

The Authority shall set all fares and provide all tickets, transfers, etc. as may be necessary for fare collection. The Contractor shall ensure that the appropriate fares, as determined by the Authority, are collected and secured in the fareboxes. The Contractor is responsible for the security of all revenues in fareboxes until collected by the Authority or its authorized agent. Only the Authority, or its authorized agent, shall remove fares from the fareboxes.

ARTICLE XIII VEHICLES

The Contractor shall provide _____ buses to operate the services set forth in Exhibit A.

All vehicles utilized to operate the services set forth in Exhibit A must meet the following requirements:

- A. All buses shall possess a minimum capacity of **38** seats.
- B. All buses shall be capable of maintaining a fully loaded (all seats occupied) speed of fifty-five ~~((55))~~ miles per hour.
- C. Individual vehicles shall be no more than five ~~((5))~~ years of age.
- D. Logos, supplied by the Authority, shall be displayed on vehicles as directed by the Authority.
- E. All components of the bus body, appurtenances, and frame shall be sound and undamaged.
- F. All mechanical, electrical and hydraulic systems, whether attached to or part of the bus, shall be maintained in proper working condition at all times.
- G. The interior passenger compartment shall be free of odor from the bathroom and exhaust fumes from the engine and engine compartment of the bus.
- H. Heating and air conditioning shall be available and used, to insure the passenger compartment is comfortably maintained under all climatic conditions on all service runs.
- I. All vehicles shall be equipped with Z-way radios.
- J. All vehicles shall be equipped with lock-vault, single-key fareboxes approved by the Authority. The key shall be placed in the possession of the Authority during the contract period.
- K. Front mounted destination sign or curtain destination signs shall specify readings in four ~~((4))~~ inch letters as directed by the Authority.
- L. Individual reading lights, properly aligned for each seat and of sufficient intensity for easy reading, shall be available for passenger use on all buses.
- M. All seats shall be high backed and padded and face forward. Seats with reclining backs shall be in proper operating condition.

All equipment shall be clean throughout, both inside and out, prior to each service day. Bus exteriors shall be washed a minimum of two times per week and after every rain. Bus interiors shall be swept prior to each service day. Windows shall be washed and floors mopped or vacuumed, if carpeted, a minimum of two times per week. If so equipped, bathroom holding tanks shall be dumped a minimum of two times per week and/or more often if needed.

The Authority shall, at any reasonable time, review and inspect such buses for appearance and mechanical condition, and shall have the right to ~~approve~~ or disapprove any such buses at its sole discretion. Such determination by the Authority shall be final. The Authority's inspection and approval of any bus does not relieve the Contractor of his responsibility to supply equipment at all times which meets equipment requirements and specifications as required in this contract document.

All vehicles shall meet all applicable laws and codes for operating as a charter bus on public streets in the State of Texas. The Contractor shall provide all repairs, parts, and supplies required for the maintenance and operation of buses. The Authority shall be under no obligation to repair or maintain any vehicle provided under this Contract.

The Contractor bears all risk of loss, damage to, or destruction of each vehicle whether resulting from fire, theft, governmental action, collision, or any cause whatsoever.

No advertising- other than that advertising provided by the Authority is permitted on buses used for service under this contract.

ARTICLE XIV PERMITS, LICENSE, TAXES, AND TITLE

In performance of the work set forth in Exhibit A, the Contractor shall be responsible for obtaining all necessary permits and licenses and for complying with all applicable federal, state, and municipal laws. All vehicles subject to this agreement shall bear current license plates and current inspection sticker.

The Contractor shall have the sole obligation to pay whatever inspection fees, license fees, assessments, and taxes, including, but not limited to use, sales, property or other taxes, plus applicable penalties and interest, which may be imposed upon a Contractor by any governmental agency as a result of the operation of the equipment that is the subject of this contract.

Title to all vehicles supplied during this contract shall be and remain with the Contractor and/or its vehicle supplier(s), and the Authority shall acquire no right title or interest in said vehicles.

ARTICLE XV DRIVERS

The Contractor shall furnish drivers who are at all times:

- Legally licensed to operate a bus in the State of Texas.
- Alert, careful, courteous and competent in their driving habits.
- Courteous and friendly toward all passengers.
- Neat and clean in appearance.

The Contractor shall provide driver uniforms approved by the Authority and displaying the Authority logo.

Drivers shall, when requested by the Authority, hand out notices to passengers or otherwise render assistance in Authority's monitoring and supervising operations.

Drivers shall at all times be and remain the sole employees of Contractor, and Contractor shall be solely responsible for payment of all drivers' wages and employee benefits. Contractor, without any cost or expense to the Authority, shall faithfully comply with the requirements of all applicable State and Federal enactments with respect to employer's liability, worker's compensation, unemployment insurance and other forms of Social Security and also with respect to withholding of income tax at its source from wages of said driver, or drivers and shall indemnify and hold harmless Authority from and against any

and all liability, damages, claims, costs and expenses of whatever nature arising from ~~alleged~~ violation of such enactments or from any claims of subrogation provided for in such enactments or otherwise.

Each driver and other workmen provided by Contractor shall be paid by Contractor, or by a subcontractor under Contractor, at least the general prevailing rate of per diem wages.

The Contractor shall obtain from every employee who serves at any time as a driver of any vehicle subject to this contract, a daily report signed by the driver, specifying the run time of departure and time of arrival of each service trip, and the number of passengers carried per service trip.

ARTICLE XVI CONTRACTOR PERSONNEL AND RESPONSIBILITY

Contractor represents that he has or shall secure, and agrees to furnish, personnel with the professional qualification, skill and expertise required to perform the Scope of Services set forth in Exhibit A.

The Contractor shall assume responsibility for the Scope of Services, whether performed by the Contractor or others, and for controlling the cost of the Scope of Services and shall provide all necessary supervision, management and coordination of activities that may be required to complete the Scope of Services. The contractor may subcontract portions of the services to be performed hereunder to other firms or parties, subject to the prior written approval by the (Executive Director or appropriate city official) or his designee of the subprovider and the subcontract.

ARTICLE XVII AUTHORITY RESPONSIBILITIES

The Authority retains all responsibility for the design of services, routes, levels of service, and fare structure.

The Authority shall establish levels of services, fare structures, and marketing programs, including all press releases, advertising and promotional material, market studies, maps and guides. Timetables will be prepared by the Authority. The Authority will be responsible for the official liaison with all local officials in connection with the operation of the Project. The Authority shall secure the specific approval of the placement of all bus stop signs, benches, and shelters. The Authority shall arrange for any parking facilities required for operation of the Project including leases, construction, maintenance, operation and security.

The Authority will be responsible for general and overall monitoring and evaluating of Contractor's activities.

The Authority will promote services; however, the Contractor shall provide vehicles for the purpose of promotional photographs and must display any signs, brochures, or other devices as may be required for passenger information or promotion.

The Authority will supervise the operation of all services; however, the Contractor must provide initial training of operators to familiarize them with Authority procedures and practices, as well as make operators available for discussion with supervisory personnel. Contractor must have a code of performance and be responsible for all disciplinary actions.

The Authority will monitor and evaluate service; however, the Contractor must make equipment, facilities and performance records available for review. Contractor must be willing to gather data as may be required and comply with any and all practices and procedures as may be developed by the Authority.

ARTICLE XVI I I BENEFIT TO PARTIES

This contract shall be for the sole and exclusive benefit of the parties hereto and shall not be construed to confer any rights upon any third party. In connection with this contract, the Contractor acknowledges that ~~(a)~~ the Authority is not directly or indirectly, acquiring any interest in or purchasing any facilities of the Contractor; and ~~(b)~~ the Authority is not constructing, improving or reconstructing any facilities or other property of the Contractor; and ~~(c)~~ the Authority is not providing by this contract or otherwise for the operation of mass transportation facilities or equipment in competition with, or supplementary to, the service provided by Contractor; and the Contractor further waives and relinquishes compensation or rights to compensation, if any, for its franchise in connection with this contract and the services provided hereunder.

ARTICLE XIX PERFORMANCE BOND

At the same time with the execution of the contract, the Contractor shall execute and deliver to the Authority a bond with a corporate surety, or with two or more sufficient sureties to be approved by the Authority, or shall deposit with the Authority a Certified Check upon some solvent bank for the said amount, for the faithful performance of the contract. No surety on any bond other than lawfully authorized surety companies shall be taken. The amount of the Performance Bond will be _____. Performance bonds shall be on forms attached to this contract document.

ARTICLE XX SUBCONTRACTS

The Contractor will be required to perform with his own organization and equipment, at least ~~(85%)~~ eighty-five percent of the service provided by him under the contract. No consent to any assignment or other transfer, and no approval of any subcontractor, shall, under any circumstances, operate to relieve the Contractor or his sureties of any of his or their obligations under the contract or performance Bond; neither shall any subcontract or approval of any subcontractor cause or be cause or be deemed to create any rights in favor of such subcontractor against the Authority. All assignees,

subcontractors, and transferees shall be deemed to be servants of the Contractor. All subcontracts and all approvals of subcontractors shall be understood to be based upon the requisite of performance by the subcontractor in accordance with this contract; and, should any subcontractor fail to perform his work to the satisfaction of the Authority, the Authority shall have the absolute right to rescind its approval at once and to require the performance of such work by the Contractor himself entirely or in part through other approved subcontractors.

The bidder shall submit with his proposal the names of any proposed subcontractors, and no change to this list is to be made without written approval of the Authority. The list of proposed subcontractors shall be accompanied by a written statement from each proposed subcontractor specifying in detail the equipment to be furnished and/or the work to be performed by the subcontractor.

ARTICLE XXI ASSIGNABILITY

This Agreement shall be binding upon, and inure to the benefit of, the respective successors, assigns, heirs, and personal representatives of the Authority and Contractor. Any successor to Contractor's rights under this Agreement must be approved by the Authority. Any successor will be required to accede to all of the terms, conditions and requirements of this Agreement as a condition precedent to such succession.

ARTICLE XXII EQUAL EMPLOYMENT OPPORTUNITY

During the performance of this contract, the Contractor agrees as follows:

- A. That it will not discriminate against any employees or applicant for employment because of race, color, religion, sex, national origin, ancestry, physical or mental handicap unrelated to ability, or an unfavorable discharge from military service; and further that it will examine all job classifications to determine if minority persons or women are underutilized and will take appropriate affirmative action to rectify any such underutilization.
- B. ~~That~~, if it hires additional employees in order to perform this contract or any portion hereof, it will determine the availability of minorities and women in the ~~area(s)~~ from which it ~~may~~ reasonably recruit and it will hire for each available job classification in such a way that minorities and women are not underutilized.
- C. That, in all solicitations or advertisements for employees placed by it or on its behalf, it will state that all applicants will be afforded equal opportunity without discrimination because of race, color, religion, sex, national origin, ancestry, physical or mental handicap unrelated to ability, or an unfavorable discharge from military service.

In the event of the Contractor's noncompliance with any provision of this equal employment opportunity clause, the contract may be cancelled or voided in whole or in part, and such other sanctions or penalties may be imposed or remedies invoked as provided by statute or regulation.

ARTICLE XXIII MINORITY BUSINESS ENTERPRISES

In connection with the performance of this Agreement, Contractor will cooperate with the Authority in meeting its commitments and goals with regard to the maximum utilization of minority business enterprises and will use its best efforts to ensure that minority business enterprise shall have maximum practicable opportunity to compete for any subcontract work under this contract.

ARTICLE XXIV PROHIBITED INTERESTS

No member or officer, employee of the Authority or a local public body with financial interest or control in this contract during his tenure or for one year thereafter shall have any interest, direct or indirect, in this contract or the proceeds thereof.

No member or delegate to the Texas Legislature or the Congress of the United States, shall be admitted to any share or part of this contract or to any benefit arising therefrom.

ARTICLE xxv NON-COLLUSION

If at any time it shall be found that the person, firm or corporation to whom a contract has been awarded has, in presenting any proposal, colluded with any other party or parties, then the contract so awarded shall be null and void, the Contractor and his bondsman shall be liable to the Authority for all loss or damage which the Authority may suffer thereby, and the Board of Directors may advertise for a new contract for said labor, supplies, materials, or equipment.

ARTICLE XXVI NOTICES

All notices herein required shall be in writing and shall be served upon the parties at the address listed herein. Delivery to an officer authorized to receive notices or the mailing of the notice by registered mail, return receipt requested, shall be sufficient-service.

ARTICLE XXVII VENUE

This contract shall be interpreted under and governed by the laws of the State of Texas.

ARTICLE XXVIII
COMPLIANCE WITH LAWS

Contractor hereby agrees to comply with all applicable statutes, ordinances and regulations of the United States, the State of Texas, the Authority, and units of local government. Any contract executed in violation of the terms and conditions or the ~~Purchasing~~ Regulations of the Authority shall be null and void as to the Authority.

ARTICLE XXIX
INSPECTION AND ACCEPTANCE

Inspection and acceptance of work performed under this contract shall be accomplished by the Executive Director of the Authority and/or his authorized representative(s).

ARTICLE XXX
RECORDS AND AUDITS

The Contractor shall maintain complete and accurate records with respect to this contract. All records shall be maintained on a generally accepted accounting basis and shall be clearly identified and readily accessible. The Contractor shall **provide** free access to the representatives of the Authority or its appointees at all proper times to such books and records, and the right to examine and audit the same, and to make transcripts therefrom as necessary to allow inspection of all work data, documents, proceedings and activities related to this contract for a period of three (3) years from the date of final payment under this contract.

ARTICLE XXXI
AUTHORITY'S REPRESENTATIVE

The (Executive Director or appropriate city official) will designate, in writing, one or more authorized representative(s) for the purpose of discharging delegated contractual duties and responsibilities.

These representatives shall consist of a Contract Manager and Project Manager. The Contracts Manager and Project Manager are employees of the Authority designated to direct the Contractor's contractual and technical efforts within the scope of the contract.

These representatives will not be authorized to change any of the terms and conditions of this contract. Such change, if any, shall be made only by the (Executive Director or appropriate city official).

ARTICLE XXXII
CONTRACTOR'S REPRESENTATIVE

The Contractor designates: _____ or his designated representative, to have management responsibility for the total contract effort, to receive technical direction and handle problems of a contractual nature.

IN WITNESS WHEREOF, Authority has caused these presents to be executed by the Authority's officer thereunto duly authorized, and Contractor has subscribed same, all on the day and year first above written.

FOR THE CONTRACTOR:

Name under which business is conducted _____

Business Address _____

Zip _____ Telephone _____

Owner/President

APPROVED:

Attorney

FOR THE AUTHORITY

TRANSIT AGENCY OR CITY

Executive Director/Authorized City Official

Secretary

APPROVED:

Attorney

EXHIBIT A
SCOPE OF SERVICES FOR
COMMUTER BUS SERVICES

Project Description

This project provides for commuter express services for the following **route(s)**:

<u>Route No.</u>	<u>Name</u>
------------------	-------------

Generally, service on these routes shall be provided every Monday through Friday, on daily schedules determined by the Authority, except for the following holidays: New Year's Day (January 1~~1~~), Memorial Day (last Monday in ~~May~~), Independence Day (July 4~~1~~), Labor Day (first Monday in September), Thanksgiving Day (fourth Thursday in November), and Christmas Day (December 25~~1~~). Note: At the Authority's option, contractor may be required to operate ~~reduced schedule~~ service on New Year's Eve, Christmas Eve, and/or day after Thanksgiving. Cost shall be at the rate per hour of actual service required and operated.

Service Responsibilities

In operating the contracted routes, the following shall be determined by the Authority:

- (a) Route scheduling.
- (b) Times of day service is rendered.
- (c) Routing on which buses are to run.
- (d) Location of stops to pick-up and discharge passengers.
- (e) Fare levels.

In performing this Scope of Service, the contractor agrees to the following:

- (a) The contractor's operators shall adhere to routes and schedules published in the Authority's public timetables. Variations require the written approval of the Authority's Operations Planning Department.

- ((b)) Bus operators are required to verify that each cash fare deposited is correct. Also, operators are required to verify monthly tickets and transfers presented by passengers. Operators are strictly forbidden from collecting fares in hand.
- ((c)) Bus operators are required to punch and issue transfers in accordance with the Authority's transfer policies and fare structure.
- ((d)) Operators are required to record the number of boarding passengers for each one-way bus trip operated. This information shall be recorded on an Operator Run Report or similar form approved by the Authority's Bus Operations Department.
- ((e)) Drivers shall carry an accurate time piece ~~while~~ on duty and also a transfer punch.
- ((f)) At the Authority's direction, operators will be required to pass out printed material (i.e., revised timetables) ~~to~~ all passengers. Relatedly, current public timetables will be available at all times on the bus.
- ((g)) A table of current and applicable fares will be posted in a prominent location (preferably on or near the ~~farebox~~) on each bus. In addition, posters or signs supplied by the Authority (e.g., notices of service changes) shall be prominently displayed on each bus as directed.
- ((h)) Operators are required to pick-up and discharge passengers only at stops designated by the Authority and under safe conditions.
- ((i)) Operators are required to display appropriate route/destination signs while in service.

Detailed Route Requirements

The enclosed narrative by project provides information concerning the anticipated number of buses required, trips, schedule, one-way mileage, average speed, and a general description of each route.

Following results of marketing research efforts, a determination may be made to route some trips to destinations other than downtown in the morning and again in the evening. At the option of the Authority, the Contractor may be required to make additional trips during periods of peak traffic caused by fluctuation in ridership. The cost for these additional trips will be at the COST PER REVENUE HOUR as specified in Article VI of the Contract Schedule. Bus trips, average speed and service hours are the Authority's best estimate and are not binding and are to be used for proposal preparation only!

The Authority shall have the option to implement minor route changes upon three ((3)) days written notice to the Contractor. Larger service changes, requiring additional hours will be negotiated pursuant to the "Contract Amendments Clause" and mutual agreement of all parties.

(ONE "PROFILE" FOR EACH ROUTE IN SCOPE OF SERVICES)

Route No. -- Park-and-Ride

Route Map and Schedule (See Figure **1**, Section **II**)

Description of Alignment/Stops

Operating Parameters

- Peak-Period Buses Required
- Revenue Hours
- Daily One-Way Trips
- One-Way Route Miles
- Average Speed

APPENDIX B

PRIVATE COMMUTER BUS OPERATIONS

QUALIFICATIONS QUESTIONNAIRE

Name of Firm: _____

QUALIFICATIONS QUESTIONNAIRE FOR
COMMUTER BUS OPERATIONS

Please answer each question as ~~thoroughly~~ as possible. If additional space is necessary, please attach an additional sheet. Any questions concerning the survey should be directed to Marty ~~Minkoff~~ at ~~((817)) 461-3300~~ (Ext. 222)..

General

1.. Briefly describe the nature of your firm. _____

2. Is your firm a Minority Business Enterprise (~~MBE~~) or a Women-Owned Business Enterprise (~~WBE~~)? (These are defined as businesses in which 51 percent is owned by minorities or women, respectively.)

3. Below are two strategies for providing commuter bus service. Please indicate which option(s) your firm would be interested in pursuing. You may express interest in either option.

(a) Option #1

A transit agency or municipality would designate a level of service for a particular route, or group of routes, and contract with a private firm to provide those services. Under this option, the contracting firm would own (or lease) and maintain vehicles and employ drivers. The agency or municipality would set fares, apply ~~farebox~~ revenues toward the cost of contract operation, and subsidize the difference between revenue and operation cost.

(b) Option #2

A commuter service would be operated for profit with no subsidy involved. A private firm would operate a particular route (or routes), independently setting fares and service levels according to demand. The only transit agency or municipal involvement might be in providing a park-and-ride lot, advertisement, or similar non-monetary assistance. On some routes operating certificates by the Texas Railroad Commission may be necessary. NOTE: This "for profit" option is not possible for any service within the DART system. This approach, however, could be taken in individual non-DART cities (e.g. Grand Prairie, ~~Duncanville~~, Arlington, Fort Worth suburbs, etc.) to provide commuter service.

4. Please indicate on which routes your firm holds a certificate to operate in the Dallas-Fort Worth area.

Fleet Characteristics

5. What is the size of the fleet you would have available for regular use in Dallas-Fort Worth service? Please break this number down by vehicle type (make, vehicle design), seating (capacity; low-backed or high backed), age, and overall condition (exterior, interior, seats, etc.). Please use the table on the following page. You may copy it if you need more space.

Labor Characteristics

6. Please indicate the number of drivers and mechanics that would be available for operations in the Dallas-Fort Worth region. What proportion of these employees would be part-time? _____

Availability

7. Approximately how much lead time would your firm require to begin service?

8. Assuming your firm had the lead time you specified in question #7, how many vehicles and drivers could be committed to a new service contract?

9. Once service is in place, how much lead time would your firm require to get buses for additional service? _____

Previous Experience

10. Briefly describe your firm's experience in the provision of regular transit service or similar operations. Please indicate the type of service your firm provided (e.g. subscription commuter, school bus, etc.), the number of vehicles involved, and the length of time such service was operated. If there was a contract involved, who was the contracting entity?

[illegible]

**TOTAL FLEET AVAILABLE FOR !
D-FW AREA COMMUTER SERVICE !**

Local Base of Operations

- II. What is the location of the terminal and maintenance facilities that **your firm** would use in Dallas-Fort Worth area **commuter** service?

12. Describe your current maintenance facility capabilities in detail. Please include such items as square footage, number of bays, engine/transmission overhaul capabilities, service vehicles, etc. Also indicate whether additional maintenance facilities would be necessary to **accommodate** fleet expansion resulting from a new service contract.

Price Estimate

13. Please indicate an approximate price range (by vehicle-hour or **vehicle-mile**) which your firm would charge to provide regular contract commuter service. This pricing information is for budgeting purposes only and will not be used in the selection of a firm. Any future contracts will be awarded based upon a formal bid procedure.

Owners/Authorized Negotiators

14. Please indicate the **name(s)** of your firm's owner(s) and any other persons designated to negotiate contracts. _____

Financial Information

15. If available, please attach a copy of your firm's most recent annual report.

PLEASE RETURN THE COMPLETED QUESTIONNAIRE IN THE ATTACHED POSTAGE-PAID, **PRE-**ADDRESSED ENVELOPE. THANK YOU VERY MUCH FOR YOUR ASSISTANCE.

References

- 1 ~~#81--Garland~~ Park-and-Ride Pocket Bus Schedule, Dallas Transit System, February 1983.
- 2 Telephone Interview with Charles Kirby, Arco Oil and Gas Co., November 1982.
- 3 Telephone Interview with Tim Cett, City Transit Service of Fort Worth, December 1983.
- 4 Southern California Association of Governments, Commuter and Express Bus Service in the SCAG Region: A Policy Analysis of Public and Private Operations (Washington, D.C.: Government Printing Office, 1982), p. iii.
- 5 "Routes for Sale," Institute of Transportation Studies (University of California) Review 6 (May 1983):3.
- 6 North Central Texas Council of Governments, Transportation and Energy Department, Short-Term Transit Options for Restricted Energy Scenarios: A Case Study of Dallas Transit System, Dallas, Texas (Arlington, Texas: May 1977), p. 48.
- 7 Telephone Interview with Rod Etchenberger, Metropolitan Transit Authority of Harris County, July 1983.
- 8 Telephone Interview with Susan Chiaroni, Golden Gate Bridge, Highway, and Transportation District, November 1983.
- 9 Telephone Interview with Jeff Becker, Tidewater Transportation District Commission, December 1983.
- 10 Telephone Interview with Don Penny, City of Arlington, December 1983.
- 11 Institute of Transportation Engineers, Transportation and Traffic Engineering Handbook Second Edition (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1982), p. 204.
- 12 U. S. Department of Transportation, National Urban Mass Transportation Statistics--Second Annual Report, Section 15 Reporting System (Washington, D.C.: Government Printing Office, 1982), p. 1-25.
- 13 Institute of Transportation Engineers, Handbook, p.206.
- 14 Telephone Interview with Paul Oppenheim, (Chicago) Regional Transportation Authority, October 1983.
- 15 Telephone Interview with Paul Oppenheim, (Chicago) Regional Transportation Authority, December 1983.

REFERENCES (continued)

- 16 Telephone Interview with John Spaulding, Connecticut Department of Transportation, November 1983.
- 17 Telephone Interview with Diane Connolly, Connecticut Department of Transportation, December 1983.
- 18 Telephone Interview with Rod Etchenberger, Metropolitan Transit Authority of Harris County, December 1983.
- 19 Public Technology, Inc., Inflation-Responsive Transit Financing (Washington, D.C.: Government Printing Office, 1982), p. 18.
- 20 Telephone Interview with Jeff Becker, Tidewater Transportation District Commission, December 1983.
- 21 Southern California Association of Governments, Commuter and Express Bus Service, p: 15-16.
- 22 Ibid., p. 22.
- 23 Telephone Interview with Don Penny, City of Arlington, July 1983.
- 24 Telephone Interview with Paul Oppenheim, (Chicago) Regional Transportation Authority, October 1983.
- 25 Telephone Interview with Susan Chiaroni, Golden Gate Bridge, Highway, and Transportation District, November 1983.
- 26 Telephone Interview with Don Penny, City of Arlington, July 1983.
- 27 Telephone Interview with Paul Oppenheim, (Chicago) Regional Transportation Authority, October 1983.
- 28 Telephone Interview with Susan Chiaroni, Golden Gate Bridge, Highway, and Transportation District, November 1983.
- 29 Telephone Interview with Jeff Becker, Tidewater Transportation District Commission, July 1983.
- 30 Telephone Interview with Paul Oppenheim, (Chicago) Regional Transportation Authority, October 1983.
- 31 Telephone Interview with Susan Chiaroni, Golden Gate Bridge, Highway, and Transportation District, November 1983.
- 32 Telephone Interview with Rory McGinty, Texas Railroad Commission, October 1983.
- 33 Ibid.
- 34 Ibid.

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